The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Official Announcement of Pu Yi's Accession to Throne

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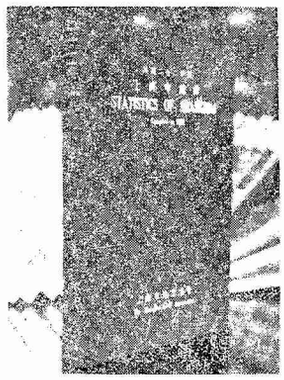

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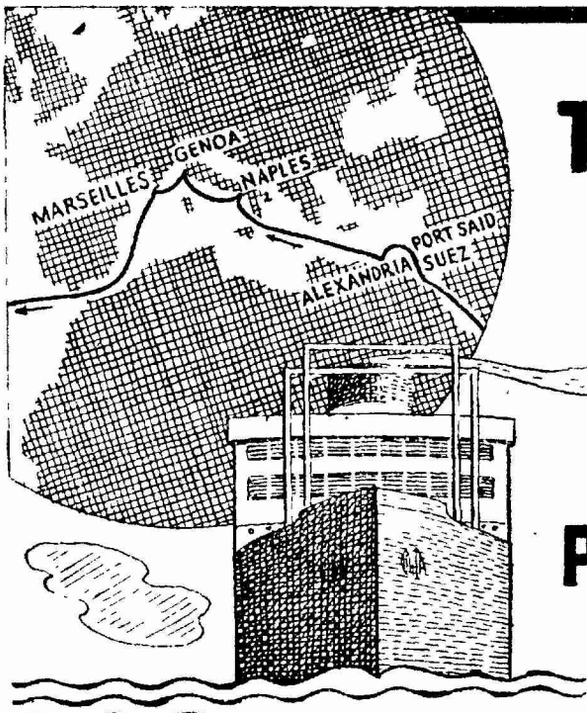

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WASHINGTON OFFICE
J. J. Underwood—Correspondent
Colorado Building, Washington, D. C.

NETHERLANDS REDUCES NAVY—AND TRUSTS TO BRITAIN

THE announcement made last week that the Netherlands government was reducing its navy by half seemed almost incredible, as on the face of things it would appear that the Netherlands would want to increase their navy instead of decreasing it, in view of the enormous holdings they have in the Far East, principally the islands of Java, Sumatra and a part of Borneo—by all means the most productive areas of the East, both from the point of view of mineral and agricultural production. The first impression one got was that the Netherlands, realizing that in any event they would not be in a position to hold their possessions as against any eventual onslaught from some other power, and particularly the Japanese, had decided to reduce expenses and trust to fate. A somewhat different complexion is now put on the matter by a telegram sent to the *Chicago Tribune*, Jan. 18, by its Brussels correspondent, Mr. Summerhouse, stating that Great Britain and the Netherlands were establishing a "secret" naval pact, according to which the Netherlands will place the protection of its Far Eastern possessions in the hands of the British Navy with headquarters at Singapore. The *Chicago Tribune* also discussed the matter editorially—a fact which has naturally evoked great interest in Japan. The summary of the *Tribune* editorial as here given was supplied by the *Rengo Agency*, which in turn got it from an official report of the Japanese Consul at Chicago, Mr. Muto. The substance of the *Tribune* editorial, as reported, is that Japan is apparently an outstanding menace to the Netherlands East Indies, on account of the islands' huge oil production. While Japan is seeking various raw materials from the islands, her navy mainly relies upon Borneo for the supply of fuel oil, which explains why it is of the utmost importance for Japan to place Netherland East Indies under her control. The *Tribune's* editorial further went on to say that Japan's acquisition of the Netherlands East Indies would be simultaneously detrimental to the welfare of the British Empire, and, thus, the chief aim in the present secret pact lies in the fact that Netherlands has offered to place her island colonies under the protection of the British naval authorities at Singapore. The first imperial (British) naval conference in five years was held in Singapore this week. Attending the conference were Vice-Admiral Sir Frederic Dreyer, Commander-in-Chief of the China station; Vice-Admiral Dunbar Nasmith, of the East Indian fleet; Vice-Admiral G. F. Hyde, of the Australian Navy; and Rear-Admiral F. B. Watson, Commodore of the New Zealand station. They gathered aboard the cruiser *Kent*. None of the decisions of the conference are being made public, but it is safe to say that the principal topic discussed was the vulnerability of British possessions in the Pacific, Australia included.

It is an old story, but the Western world in general does not yet as a whole seem to grasp the extent of Japanese ambitions in this part of the world. First it was the Russian Liaotung peninsula, next the German Kaiochow area. Who will be the next—British Hongkong, the Philippines, French Indo-China or—the most valuable of all—the Nertherlands East Indies? The answer is to be found in how the Western world happens to line up as between themselves as the years roll by. Japan's chance will come when there is another dispute in the European area. And Japan is nervously awaiting the day when its engineers may assist in the building of a canal across the Malacca peninsula, just on the borders of Siam. Such a canal would spell the deathknell for Singapore and put Japan (and also China) in a much better commercial position with Europe. So far, British might has killed any such project. But Siam is friendly to Japan—as the vote at Geneva on Manchukuo recognition showed—and this canal project is very likely to be one of the things that Japan will broach as soon as she attains naval parity.

Japanese Diet Reassembles---Foreign Minister's Ominous Hint to China

THE Japanese ordinary Diet assembled for its 65th session January 23. There is not sufficient time for a weekly journal such as this to comment adequately upon the various speeches that have been delivered or upon the important business which is to be transacted, but there is sufficient to go on to show that at least a certain section of the Japanese public realizes the dangers into which the militarist party is dragging the nation. What bearing the surprise appointment on January 22 of General Senjuro Hayashi, a supreme war councillor and Inspector General of Military Education, in succession to the formerly powerful General Sadao Araki, who has been extremely ill, will have on the general situation remains to be seen, but in any event it is apparent that a determined effort is being made by the more far-seeing and cautious Japanese statesmen to head off the military cult, whose teaching of the Wang-Dao (the Kingly way) has been catching the imagination of the Japanese populace. The resignation of General Araki came at the same time that it was announced that both the Seiyukai and Minseito, the two leading parties in the Japanese House of Representatives, intended to take a firmer stand against the Government. Dr. Suzuki, President of the Seiyukai party, at a general meeting of the party, held Jan. 21 reiterated that the national policies for defence of the nation and its dealings with foreign powers must be fixed, not by the Government, but by the will of the nation. It was also emphasized by Baron Wakatsuki, President of the Minseito that military expenditures submitted to the Diet for approval, must be fully discussed.

Koki Hirota, Foreign Minister made his maiden speech at the Diet's opening. It covered much ground, but the remarks of special interest to China were:

> "The Japanese Government has serious responsibility for the maintenance of peace in east Asia but what is more essential is the stabilization of China herself. I hope China will unite with Japan to perform their mission of peaceful development of this part of the globe. It had been reported that the Chinese were taking steps towards the 'rectification of Sino-Japanese relations' but so far no concrete evidence has come to our notice to confirm the truth of this report."

The London *Daily Herald* (prominent British Labor organ) commented on this part of the speech that there is now no room for doubt regarding Japan's vast imperialistic designs in Eastern Asia, as Mr. Hirota's speech is an announcement to the world at large of Japan's intention, on the pretext of stabilization, to bring under her own control the whole of China. Fortunately, the *Herald* comments, the ambition, if not the achievement, of Japanese imperialism is likely to destroy itself in an effort to carry out so grandiose a plan.

The feeling is growing in many quarters in Japan that the real crisis which is coming in 1935—about which so much is heard, usually in the sense that Japan must be ready for a war—is a financial one. It this connection much interest attaches to the speech of Mr. Takahashi, Minister of Finance, in which he stated that the expenditure in the new Budget is put at Yen 2,110,000,000, and that as an increase of taxes in the new fiscal year has been avoided as inopportune, provision has had to be made for the issue of fresh loans amounting to Yen 881,000,000; the Manchurian appropriation for the coming year totalled Yen 163,000,000. Every effort had been made to reduce expenditure, not excluding the expenses of the army and the navy and many departments must be dissatisfied with the drastic cuts made, but in the present state of national finance, it was quite inevitable, the Finance Minister said. The financial world generally shows sign of gradual recovery, the Finance Minister added, though it will still require much time and effort to effect general reconstruction. Further points noted in Mr. Takahashi's speech were: All classes of the nation must work for the general interests of the people, sinking sectional interests. The low interest policy is bearing fruit. It is now possible to issue public bonds bearing 4% interest. In the yen-dollar exchange, there have been fluctuations within fairly wide ranges, but the cause does not lie on this side. They have been due to the unsteadiness of the dollar. The World Economic Conference ended in failure, and the future of the international economic world is full of difficulties. This phase of the question deserves the careful attention of both the Government and the people generally. Japan's foreign trade last year showed an unfavorable balance, but from the point of view of overseas settlement generally, there was a marked improvement. Much of the future, however, depends on the attitude of neighboring countries. As factors obstructive of Japanese exports are at work, special caution is needed, Mr. Takahashi concluded.

The cautious attitude of the venerable Finance Minister and the efforts of the more cool-headed Japanese politicians are, from all accounts however, going to have hard sledding against the militarist group, which seems to be doing its best to inflame the "mob." Telegrams from the United States of late have expressed a fear that Japan (using that term in a broad, general sense) seems to be bent on picking a quarrel. The aggravating feature of the Japanese statements both by statesmen and in prominent Japanese journals, is that there is constant reiteration about Japan's determination to "keep the peace in the Far East," whereas the net result of Japan's actions has of late been, and continues to be, to disturb it—in the meantime the Japanese, particularly in Manchuria, continuing on their shwashbuckling career. The evident meaning of the Japanese pronouncements regarding keeping peace in the Far East is that there will only be peace provided Japan can keep on having her own way. Incidentally it would seem that the present Tory government in Britain intends to let bygones be bygones so far as Manchuria is concerned and will in due course recognize the

new regime—at least, one of its principal organs (*Morning Post*) so recommends.

So far as Japan's relations with the United States are concerned (except on broad general principles, such as, for example, Japan's violation of the Kellogg Pact etc.) nothing at the moment is occurring to exacerbate public opinion, and this is particularly true as regards the newspapers. Even the Hearst press, which in past years has stood out conspicuously to work up prejudice against the Japanese, is at present advocating that both the Japanese and American governments should mind their own business—which, so far as Japan's actions in Manchuria are concerned, means condonation. In general, the Roosevelt attitude on the Far Eastern question seems to be to let matters slide for the present—in the meantime quietly working for increased efficiency of the U. S. Navy. Comments from Washington on the Pu Yi coronation indicate that the United States intends to take no official notice of it—in other words the American government will continue its attitude of non-recognition of Manchuria, but will do so unostentatiously, without following the Stimson idea of "preaching" on the subject—principally, it would seem, because no statement of any kind at this time would have any effect on the situation.

Quite in contrast with the calm American attitude is the avalanche of grandiose statements being issued by various members of the Soviet government. The principal bone of contention between the Soviets and the Japanese is, of course, the future of the Chinese Eastern railway, which the Japanese day by day are more firmly taking into their grip. It must be confessed that as regards this C. E. R. business the Soviets are in rather an unenviable position. Their continued reference to the "imperialists" (meaning the Japanese) do not fit in very well with the obvious fact that although they some years back made a grandiose statement that they intended to renounce all old Czarist concessions, they are holding on tooth and nail to the principal fruit of Czarist imperialism, namely said railway—they even fought an undeclared war against China several years ago so as to prevent the Chinese from taking them (the Soviets) at their word.

The Soviet statements have of late harped on the alleged fact that Japan is likely to attack Russia at most any moment. A typical Soviet speech was that delivered by M. Kaganovitch, Secretary of the Central Committee in a speech to the Moscow City and Regional Party Conference Jan. 22 in which he said:

"Our acutest problem is our relations with Japan. We desire to carry on a peace policy towards Japan. We have displayed maximum endurance, although our feelings revolted against it. They began to act insolently on the Chinese Eastern railway, which belongs to the Soviet Union. But we guide ourselves not by the feeling of indignation, but by sound analysis of the situation. We put the question: If you desire to seize the C. E. R. this will provoke a serious conflict.

"Our government declared its readiness to sell the C.E.R., naturally, at an acceptable price. Negotiations commenced. Japan offered a price utterly ridiculous, which we decidedly rejected. Then the Japanese militarists started from the other end. They began the arrests of Soviet employees of the C.E.R.

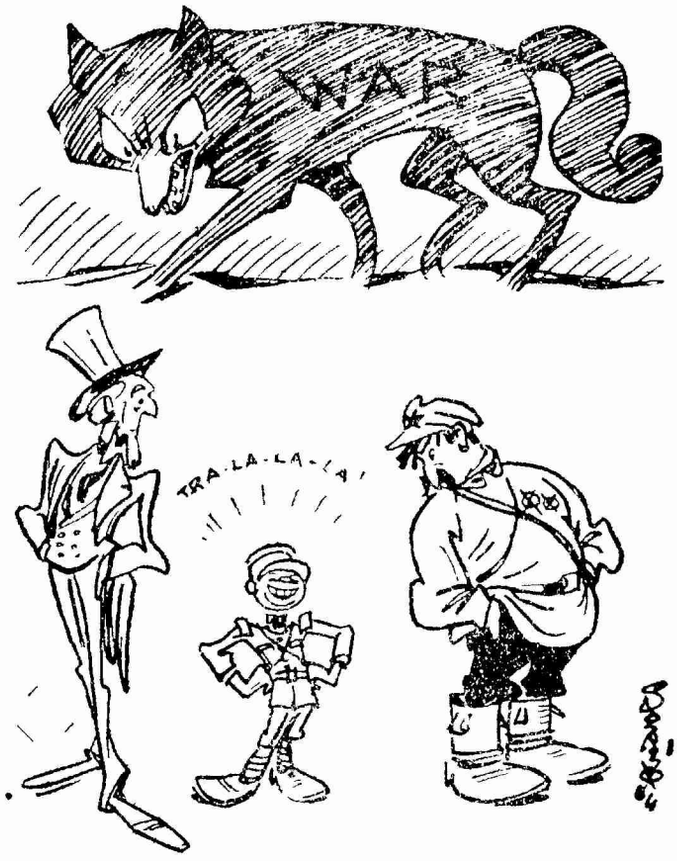
"Two groups are struggling in Japan: one is composed of bellicose generals headed by Araki; the other understands the difficulty for Japan to fight against such a serious antagonist as ourselves, for the U.S.S.R. is not the old Russia of 1904.

"The situation in the Far East is strained, and we can expect an attack at any moment. Every imperialist is hypocritical and cunning, and Japan especially reminds us of this.

"We are strengthening our military power year after year, especially since the moment when the Japanese usurpers have sharpened the relations with us. The might of our army is growing, and it represents a first class army capable of giving worthy resistance to anyone attempting to seize even a particle of our land."

Making due allowance for the evident fact that such a speech is intended mostly for home consumption it is not to be forgotten that such remarks are also intended to be heard abroad,—if they were not, nobody outside of Russia would hear of them, for in no country is there a stricter control of the press and other means of communications than in Soviet Russia. Protesting against Soviet speeches pretty much in a similar vein as the above—there have been a number of late—a spokesman of the Japanese Foreign Office made a statement Jan. 22 stressing the importance of "countering pernicious propaganda," in which connection remarks by M. Herriot,* former French

WHO'S AFRAID OF THE BIG, BAD WOLF?



—By "Sapajou" in the N. C. D. News

*M. Herriot expressed the opinion that the existing Soviet-Japanese and American-Japanese tension provide the basis for a terrific three-cornered conflict in the Far East, arising from the fears of the U.S.S.R. for its interests in the Chinese Eastern Railway, the Japanese-Soviet negotiations for the sale of the line, Japanese military preparations which the U.S.S.R. claims Japan is making in Manchuria and near the frontiers, and finally the strong fortification of its own frontiers by the Soviet government.

In the course of his writings M. Herriot also said:—

"All wise governments throughout the world must watch the Far East these days with the greatest vigilance. That there is tension in the relations between Japan and the United States on one side and Japan and the Soviet Union on the other cannot be doubted. It remains to be seen what will develop. There are three important factors with regard to Japan that contribute to make the situation difficult. There is first of all Japan's urgent need of a home for her excess population, which is ever increasing; secondly, there is the question of her exporting activities; and thirdly, there is the militaristic attitude of certain Japanese parties. Meanwhile, this situation, which appears to be a permanent problem confronting the world, is made more acute today by the race for naval supremacy."

Premier and William C. Bullitt, American Ambassador to Russia, were referred to. Referring to declarations made by M. Molotov and others in Moscow recently alleging that Japan was preparing for war, the spokesman pointed out that the Soviet had seemingly purposely allowed foreign correspondents to send most sensational cables from Moscow for sensational effect, despite the very strict censorship. Declaring that it was Japan's policy to solve pending questions with the Soviets by peaceful means, the spokesman cited as an example such Soviet provocation as the publication of alleged secret documents. He asserted that Japan had not reinforced her troops in Manchuria despite Soviet concentrations there. This last reference made by the spokesman evidently concerns a statement made on Jan. 20 by the Japanese War Office, in which it announced its decision to withdraw the main body of the Nishi division from Manchuria, and to dispatch the main force of the Asahigawa division to replace it.

⁂

Foreign Minister Hirota Says Japan Wants Peace

Emphasizing that Japan was determined, by all means in her power, to preserve the peace of East Asia, to meet China more than half way, to maintain neighborly relations with Soviet Russia and cultivate cordiality with the United States, Koki Hirota, Foreign Minister, in his maiden speech in the Imperial Diet reviewed Japan's relations with the three States mentioned. The notice of withdrawal from the League of Nations, explained Mr. Hirota, was necessitated by the absence of an accord between Tokyo and Geneva on the fundamental principles governing the preservation of peace in East Asia. With regard to China, expression was given to Japan's readiness to meet her more than half way if a reciprocal spirit were shown by the latter, and in respect of Soviet Russia. hope was expressed that Moscow would, in the future, appreciate Japan's efforts to maintain friendly relations with her neighbor. In referring to America, Mr. Hirota emphasized that Japan had no thought of picking any quarrel with the United States, whose friendship was fervently desired by Tokyo. He expressed the hope that both nations would keep the Pacific Ocean for ever true to its name, that is "pacific."

⁂

Gen. Hayashi Succeeds Gen. Araki as Japan's War Minister

General Sadao Araki resigned as Minister of War, Jan. 22. The War Minister's resignation, submitted in the form of a letter to Premier Viscount Minoru Saito, gave ill health as the reason for his retirement from the Cabinet. The resignation came as a complete surprise. On January 1, General Araki was ordered to bed by his physicians owing to an attack of pneumonia, from which he has mostly recovered.

General Araki completely dominated the Japanese War Office through the tense days of the Manchurian occupation and the Shanghai incident, having been continued as War Minister when Viscount Admiral Saito was ordered to form a Cabinet in 1932 following the assassination of Premier Tsuyoshi Inukai. His influence was extended, however, to every other ministry of the Japanese Government, and General Araki was generally credited with having dictated Japan's withdrawal from the League of Nations and her pursuit of her Manchurian policy at the cost of isolation from Geneva. During the World War General Araki was an observer on the Western Front.

General Senjuro Hayashi, who was appointed Japanese War Minister almost immediately on General Araki's resignation, was Chief of the Military Inspection Board and concurrently Supreme War Councillor. He was born in Ishikaki prefecture, the son of a samurai, in February, 1876. He graduated from the military Academy in 1896, and from the Military Staff College in 1903. He was promoted to the rank of Lieutenant-General in 1926. He was made a full General in 1932.

Japan's National Debt Now Trebled

At the end of 1933 Japan's national debt totalled Yen 7,821,-000,000, internal bonds totalling Yen 6.400,000,000. The debt is expected to show a considerable increase at the end of the current year. At the end of the Wotld War, Japan's National Debt approximated Yen 2,500,000,000. By 1926, it had doubled and it was trebled last year.

Japan Explains Its Position for Australia's Benefit

Leading with the statement that Japan's "so-called crisis or emergency" of 1935 and 1936 is more or less exaggerated, and explaining that the Japanese Government has not yet decided its attitude toward the coming disarmament conference, Fiji Amau, official Foreign Office spokesman, has sketched Japan's present foreign policy in reply to a questionnaire addressed to him by J. G. Paton, an Australian newspaperman.

Mr. Paton propounded the questions in view of the impending visit to Japan of John G. Latham, Australian Attorney General and Minister of External Affairs and Industry, who is coming to Japan soon in connection with the conclusion of the Japanese-Australian trade convention. In his reply, Mr. Amau appealed to the Commonwealth Government of Australia and the people of Australia to understand Japan's international policy.

Mr. Amau's answers say that the League of Nations has not lost its practical value but has strayed from the wishes of its founders, that Japan does not wish to disturb foreign markets by unnecessarily increasing export commodities, and that most of the criticisms against Japan's trade competition are "not proper."

Prince and Princess Kaya to Tour Europe

Prince and Princess Kaya, who have been postponing their tour abroad owing to the Manchurian Incident, are to leave Tokyo on March 7 on an extensive tour in Europe and America.

Japanese Cadets to Tour Europe

The Japanese training squadron, including the cruisers *Iwate* and *Asama*, returned to Yokosuka, Jan. 18 after an extended cruise along the coast of Manchuria, China and Japan. These training ships will leave on a cruise to Europe on February 15.

Rioting by Japanese at Soviet Embassy in Tokyo

Nine persons were arrested in Tokyo, Jan. 21 for participating in a disturbance which took place outside the Soviet Embassy in Tokyo the previous day. The disturbance followed a lecture meeting on Russo-Japanese questions under the auspices of the Kenkokukai at the Aoyama Kaikan Hall, when resolutions were passed demanding that Russia remove her armaments and the border garrison from the Soviet-Manchukuo border immediately. Two delegates were chosen to present the resolution to the Soviet Embassy. Some of the audience followed the delegates with the result that there was some rioting when they arrived at the Embassy, necessitating the calling out of police riot squads.

How Japanese Communists Deal with Traitors

Tokyo Police, who raided an unoccupied house at Sanshozai, on a recent night found in one of the rooms a man tightly bound, and standing guard over him a young girl armed with a revolver. The pistol was quickly seized, and the man and girl taken to the police station. There the girl confessed that she was a member of a Communist section, and the man a former member who had been condemned to death for betraying the party. Had the police arrived 24 hours later the man would have been shot. After examination the girl told the police that other traitors to the party had been executed, and digging under the floor of another vacant house in Honmachi 2-chome, Hatagaya, the police discovered the partly decomposed body of a man who had been shot through the head.

Tatsuo Obata, the Communist whose body was found in Hatagaya, is stated to have been tortured before being slain. Holes were bored in his body with a gimlet, and sulphuric acid poured in. He was injured in other parts, and then a young girl Communist smashed his head in with an axe. The police state they have been expecting some such revelation, as the party's secret newspaper mentioned some time ago that owing to the leakage of various secrets, there was to be a clean-up, and the persons responsible would be put on trial for their lives. The party blacklisted twenty members two months ago, and the police suspect that several at least of these have also been murdered. Further arrests have been made.

Important Change in Mitsui Policies Foreshadowed

Yunosuke Yasukawa, Senior Director of the Mitsui Bussan Kaisha, resigned January 23, when the general meeting of shareholders took place. Mr. Yasukawa is also resigning from the directorship of the Mitsui Gomei, the holding company of the Mitsui interests. Kaneo Nanjo is mentioned as the most influential candidate to the post of Senior Director of the Mitsui Bussan Kaisha. The change is expected to make important modification in the policy of the Mitsui concern.

Japanese Cotton Fabric Exports Increased During 1933

Japanese cotton fabrics exported during 1933 amounted to 2,087,413,000 square yards with a value of Yen 382,885,000, the Japanese Cotton Spinners Association announced in Osaka, Jan. 21. This represents an increase of 54,694,000 square yards or Yen 45,000,000 in value over 1932. Exports to China and British India decreased while exports to Manchukuo, Dairen and the Netherands East Indies increased.

Japanese Rayon Exporters Federation Will Send Delegates to England

The Federation of Japanese Rayon Exporters' Guilds has decided to participate in the Anglo-Japanese trade negotiations.

(Continued on page 358)

Official Manchukuo Announcement of Pu Yi's Impending Accession to the Throne

THE puppet show in Manchuria was advanced another stage on January 20 when simultaneous announcements were made in Changchun (or as it has been renamed, "Hsinking," which means literally "the new capital") and in Tokyo, that Cheng Hsiao-hsu, the Prime Minister of Manchukuo, had that morning petitioned Pu Yi, chief executive of the new state, to become emperor. From all accounts Pu Yi is pretty well supported, if one is to take the various statements at face value. In some of these statements the Pu Yi accession is stated to be due to the "unanimous will of the people" of Manchukuo and in others it is being brought about by "divine right." The Japanese part in the affair, if one were to believe the Japanese telegrams, is inconsequential. These statements, made simultaneously in Tokyo and Changchun, were the first official pronouncement regarding the establishment of a permanent imperial Government in Manchuria. Incidentally they confirmed the previous press reports that the event was going to happen.

Cheng Hsiao-hsu, the Prime Minister, made public the Government's petition to Pu Yi asking him to assume the throne and praising his "protection of the people under command of God." Two years will have passed in March 1 since the establishment of the new state, the statement said, and peace and order have been fully established. Administration is fair and just and the foundation of the state is strong and firm, it stated. Now the entire population of Manchuria, 30,000,000 people, earnestly desire the accession of Pu Yi to the Throne, it was declared. The form of the Imperial Government will never be altered as the Manchu Regent becomes Emperor of Manchukuo by "divine right," the statement said. The new national constitution will be adopted March 1 and there will be no change in national policy; all promises made when the state was first created will be faithfully observed. The national flag and the national capital will remain the same, while the Administration form will be changed only slightly, it was promised. Inheritance of the throne will be in accordance with Imperial regulations. All ceremonies of the government will take place in Changchun, the capital. The Emperor will be the Commander-in-Chief of the Army and Navy. The ceremonies of enthronement will be held at 10 a.m. on March 1, when the new constitution is officially adopted. All high Government officials and a few select guests will assemble in the Conference Hall of the State Council Building when Pu Yi will be crowned. After the ceremony, Emperor Pu Yi will supervise a grand military and naval review in the parade grounds. By Imperial decree, he will grant amnesty to all prisoners now in custody and will award $100,000 to the wounded and the familily of those killed during the Manchurian incident when the country was wrested from the Chinese, it was stated.

The Japanese Emperor will send Prince Chichibu, his brother, to Manchukuo in May or early June to congratulate the new Emperor. In return, Emperor Pu Yi will visit Tokyo a short time later and pay his respects to the Imperial family of Japan.

Expressing the heartiest felicitations of the Japanese nation, K. Hirota, Japanese Foreign Minister, in a statement issued in Tokyo Jan. 20, said he was gratified to learn that Pu Yi had been petitioned to become emperor of Manchukuo, as he was convinced that the establishment of a monarchical system would serve "further to consolidate the country's foundation as an independent state." Commenting on the Manchukuo annoucement, a spokesman of the Foreign Office on the same date stressed the fact that the Manchukuo authorities had made it clear that the Regent's accession did not mean the restoration of the Manchu dynasty, although, in this connection, one is reminded of Shakespeare's character that "protested too much." There would be no change of frontiers, according to this Japanese spokesmen, so that north China would not be affected in any way, thus "disposing of the apprehensions of an invasion of that territory." The spokesman concluded that the accession would serve to emphasize the fact of the independence of

Pu Yi's Enthronement Is the "Will of Heaven"

The following is the text in English as supplied by the Rengo (semi-official Japonese) News Agency of the declaration issued Jan. 20 by Cheng Hsiao-hsu, Prime Minister of the Manchukuo Government, outlining the circumstances which led that Government to ask Pu Yi, the Chief Executive, to ascend the Throne as Emperor of the new State.

Upon entering the third year of the Manchukuo independence, it is a matter of great rejoicing to witness the remarkable progress that has been made in its national development. Internally peace and order of the country has been secured while externally relations between this nation and its friendly neighbor empire of Japan has become more intimate. Cultural advancement also has been made and educational enterprises are now fairly under way. The foundation of its national finance has been consolidated and the burdens of the people are being lightened by the efficacious and wide stewardship by the authorities. Various 'industries have enhanced the economic life and welfare of the nation.

Moreover, when blessed with the unprecedentedly abundant harvest last autumn, appropriate measures and proper guidance were given by the Govenment toward the rural populace, who, thereupon, deeply appreciated the fruition of the principles of 'wangtao' in such concrete form. These blessings are due to the grace of heaven, which in turn is attributable on the one hand to the fact of the founding of the State of Manchukuo in conformity with the will of heaven, and on the other to the lofty virtues of His Excellency, the Chief Executive, who has laboriously and unremittingly devoted himself to the affairs of the State since he assumed the heavy responsibilities two years ago for the fulfilment of the principle of 'shuntien anmin' or the obedience of the heavenly will and the happiness of the people.

Observing with their own eyes the ample testimonials of the heavenly protection and of the benevolent rule 'wangtao,' the people are earnestly and respectfully petitioning that the Chief Executive may ascend to the Throne in compliance with the will of heaven. In these circumstances, realizing that the accession to the Throne by the Chief Executive would not only conform to the heavenly will but would also constitute the natural course of development of this nation, the Government hereby solemnly declares that it has submitted to His Excellency the heartfelt petitions and memorials of the officials and the people throughout the domain and that at the same time it has enthusiastically commenced the preparations for the inauguration of the monarchical regime in this country.

It should be pointed out that the establishment of the new regime under contemplation is only the natural result of the attending development of Manchukuo and that its aim lies in the maintenance of lasting peace in the Orient by upholding the higher ideals and the mission of the nation as outlined at the time of its founding and by placing the state upon a more solid basis.

The government, which has faithfully lived up to these ideals and mission, desires in this connection to state that it will by no means support the idea which confuses the proposed enthronement with the restoration of the Ching Dynasty.

THIRD YEAR OF TATUNG (1934)

(*Signed*) CHENG HSIAO-HSU,
Prime Minister of Manchukuo.

Manchukuo and would serve to dissipate the "baseless rumors of her annexation by Japan." (Here again the observation about "protesting too much" seems applicable.)

March 1 will be the eventful day on which the Emperor is to be crowned and the various ministries of the government at Changchun are busy preparing for the event. The incidental celebrations will also mark the second anniversary of the founding of Manchukuo. Among the celebrations being prepared for are:—Rendering of relief to indigents and opium addicts, broadcast of a message of friendship to the world, a banquet for foreign representatives in Manchukuo, reduction of taxes, the issue of lottery tickets, a military review of 7,000 officers and men and a naval review at Harbin, a general amnesty, and the designation of forests and grounds to be owned by the Emperor.

The ritual to be observed on March 1 includes that at sunrise Henry Pu Yi, Chief Executive of Manchukuo, shall prostrate himself upon an earthen altar and, according to the belief in Manchu cricles "commune with the spirits of Heaven." When he rises he will no longer be the citizen Pu Yi, but Emperor of Manchukuo, and will receive a green jade seal of office, in accordance with traditions dating from the Chow Dynasty, which ruled from 1112 B.C. to 249 B.C. He will also be given blessings. The accession of Pu Yi to the throne is scheduled to follow customs prescribed from time immemorial.

First Recognition of Manchukuo May Be from Germany

With all the World powers maintaining close watch on developments in Manchukuo, Germany, in the opinion of the *Jiji Shimpo*, will be the first to grant recognition to the new State after "a noteworthy event" scheduled to take place March 1. The *Jiji* said that all the leading nations are paying close attention to the trend of affairs in Manchukuo, but that Germany has recently evinced the greatest interest. The United States, according to the *Jiji's* article, seems the most "indifferent" because of preoccupation with internal affairs.

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U. S. Sees Manchuria as Danger Spot to World Peace

A *United Press* telegram from Washington, Jan. 18, stated that as Pu Yi is preparing to ascend the throne as Emperor of Manchukuo, high-ranking officials of the United States Government looked towards the Far East with misgivings. They regard Manchuria and the Russo-Japanese situation there, as one of the real danger spots of the world. Those whose duties require them to maintain closest observation of Far Eastern affairs regard the entire Far East as a keg of powder which may ignite and loose the flames of war all over the Orient.

Japan's military activities in both Mongolia and Manchuria are being closely watched, in the U. S. A., as those two countries are considered the most dangerous spheres due to the likelihood of clashes between Russian and Japanese troops which may follow as a result of the concentration of large bodies of troops concentrated there. The possibility of a Russo-Japanese war is one the chief subjects of discussion in Washington bearing upon world peace.

Japanese Forces in Manchuria

In a cryptic statement in Tokyo, Jan. 20, noon, the Japanese War Office announced its decision to withdraw the main body of the Nishi division from Manchuria and to despatch the main force of the Asahigawa division to replace it.

British Will Not Open Consulate in Changchun

A recent telegram from Pelping stated there were no near plans on the part of the British government to open a consulate in Changchun. A spokesman of the British Legation stated that it was proposed, about two months hence, to replace A. J. Major, at present consul-general in Mukden, with P. D. Butler, a Japanese-speaking officer belonging to the general consular service. No changes are contemplated, at either Harbin or Newchwang, the only other British consulates in Manchuria. The Legation, he said, was uninformed as to any decision to transfer the consulates of Manchuria to the Tokyo embassy.

Admiral Yin Anxious to Increase Manchukuo Navy Efficiency

Rear-Admiral Yin, Commander of the River Defence Squadron of Manchukuo, was met at the Tokyo station by a number of high naval officers of the Japanese Navy Department and of the Naval General Staff, when he arrived there on Jan. 15. In a statement, the Manchukuo Admiral said that he had a double object in visiting Japan. One was to thank the Japanese navy for the valuable help rendered to the Manchukuo navy and the other was to inspect naval equipment in Japan. He is a graduate of the Japanese Naval Academy, but had not visited Japan for 23 years. Admiral Yin expressed his resolution to make redoubled efforts for the efficiency of the Manchukuo navy.

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C. E. R. Negotiations Not Yet Resumed

The old story of the Japanese that this, that or the other thing is the private affair of the Manchukuo government and has nothing to do with the Japanese government has once more cropped up in connection with the preliminaries to the resumption of negotiations for the sale of the Chinese Eastern railway, now suspended for several months. One of the obstacles to the resumption of negotiations has been that the Manchukuo police are holding several employees of the railway in custody for reasons that the Soviets do not consider justified. But in the meantime a new bone of contention has arisen in that the Manchukuo employees of the railway have started a movement, really aimed at lowering the charges on the railway, by abolishing the so-called gold rouble (actually just over half of a depreciated U. S. dollar) and adopting the Manchukuo national currency, which is a dollar something like that known in this part of China but worth somewhat less.

Mr Yurenev, the Soviet Ambassador in Tokyo, called on Foreign Minister Hirota at the Foreign Office in Tokyo Jan. 18 and asked that the Japanese Government approach the Manchukuo authorities to suspend the movement to abolish the rouble "in the interest of the railway negotiation which are about to be resumed."

In reply to the Soviet intimation, Mr. Hirota is reported to have said that the alleged movement is an internal affair of Manchukuo and Japan has nothing to do with it, but that the matter will be conveyed to the Manchukuo authorities immediately by the Japanese Government.

It is reported in this connection that the Soviet Consul General in Harbin, M. Slavutsky, approached by the Japanese Consul General, Mr. Morishima, told him that even if the Manchukuo Government released the six detained Soviet employees of the railway, the Soviet Government will not be inclined to reopen the railway negotiations with the Manchukuo Government, unless Manchukuo when appointing their suceessors places them solely at the discretion of M. Rudy, Chief of the Administration Bureau in Harbin.

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Bandits Once More Wreck Trans-Siberian Express in Manchuria

Four passengers were killed and five seriously hurt, among the latter Rene Laurens, assistant editor of the *Le Journal de Shanghai*, and about 40 slightly injured—when bandits derailed International Train No. 3 at a point between Harbin and Manchuli Jan. 16. Of the four persons killed, two were Russians and the other two "Manchurians." The wounded passengers were sent back to Tsitsihar for treatment, and a relief train was dispatched to the scene of the disaster with physicians and nurses. M. Laurens is proceeding to France on home leave. Mr. Laurens is accompanied on his trip by Miss Margeurite Halleux, former secretary of the Belgian Consul General in Shanghai, his fiancee. He was divorced from his first wife, an American woman, about six months ago.

The scene of this latest bandit train atrocity is near the spot where the international train carrying Major Takanami, of the Kwantung Army, was wrecked by bandits in the latter part of last year.

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Manchukuo Locks Out "J.B."

(*From the Shanghai Evening Post, Jan. 17*)

The officials of Manchukuo are presenting Mr. Powell with much free advertising all over the world. They are giving him a chance to say that Manchukuo hand-picks the people it allows within its borders. They are indicating that they're afraid of him, and what he can see, and what he might write about them.

They are, in short, loading and cocking his gun for him while by assuming a bland and welcoming attitude they might in large degree disarm him.

The Two "Personas Non Grata"

Dairen, Jan. 19.—(*Rengo*).—J. B. Powell, the editor of the *China Weekly Review* of Shanghai, who has been refused admittance to Manchukuo because of the alleged propaganda he has been carrving on against the new state through the columns of his periodical, is still staying at Yamato Hotel here. The police are keeping a close watch over his movements. Mr. Powell is the second foreign journalist refused by Manchukuo, the first one being Upton Close.

New Deal in U. S. Currency Will Free America from French Financial Maneuvers; China Affected

THE juggling of currency is perhaps the oldest political method of dealing with economic crises. According to most collegiate economics, the method is highly dangerous and usually disastrous, but the accuracy of this viewpoint depends on whose interests are being considered. Certainly some persons are inevitably hurt—while others gain.

But without any actual juggling of currency, many persons also gain and lose heavily by the fluctuations of "sound money"—that is, money unaffected by any political change in its standard—in relation to the price of commodities. For example, someone once calculated that one hundred dollars saved in the United States in 1896 was worth less with all its accumulated interest in 1926 than the original amount in 1896. This was because of the rise in commodity prices during the 30-year period, with the consequence that the original hundred dollars plus its accumulated interest could not buy as much in 1926 as one hundred dollars could buy in 1896. Another example is the fact that a mortgage for $1,000 on a Kansas farm in 1918 represented only about one thousand bushels of wheat while if the same mortgage still existed in 1932—the last year of the American gold standard,—it represented about four thousand bushels of wheat. Thus the mortgage amounted to four times as great a burden to the farmer in 1932 as in 1918 although there was no political juggling of the currency during the intervening period.

From 1896 to 1933, the United States was on a "sound money" basis; the quantity of money in circulation increased greatly, but it was on a gold standard with the price of an ounce of gold legally fixed at slightly over $20. Meanwhile, other commodity prices in terms of this money fluctuated greatly as already indicated, and American money in relation to the currency of other nations also fluctuated greatly. Many Americans in the Far East can recall when one dollar gold was worth even less than one Chinese dollar,—at which time, incidentally, gold mining in America was actually unprofitable since gold was the only commodity with legally fixed and unvarying price in terms of dollars while the cost of producing gold in the terms of the same dollars went up terrifically. But in 1931 and 1932, American money was so high in terms of Chinese money—the rate of exchange at times exceeding one to five,—that the simplest of American products were luxuries on the Chinese market. The obverse, however, must not be forgotten: a Chinese product worth five Shanghai dollars (including customs duty and freight) could then sell for one dollar in the United States, whereas at the present rate of exchange it must sell for about U.S.$1.60.

This is one aspect of Roosevelt's new deal in American currency. There are three principal phases of this new deal: devaluation of the American dollar to between fifty and sixty cents of its old value in terms of gold at the former rate in dollars; nationalization of gold in the United States; and the paving of the way for a system of American currency that is backed by neither gold nor silver, *but solely by the government.* The first two phases were stated precisely by President Roosevelt in his recent message to Congress; the third phase has not been put into exact words, but that is the only logical inference from his statement on "government control" of currency combined with the nationalization of gold and a ban on the export (except under license) not only of gold, but silver coin and currency.

At the moment, he apparently contemplates gold backing of a definite amount for all currency, but with private ownership of gold outlawed and control of export of all forms of currency, including silver, a *government currency* rather than a metallic currency is in the making. Heretofore, gold could be demanded and obtained for American paper money; all paper money, of course, was not legally redeemable in gold, but there was no difficulty in converting any amount of money into gold notes and obtaining gold for them. Further, there were no restrictions on the import or export of gold, and no restrictions on the ownership of gold in any form. Thus, anyone who wished could obtain actual gold specie for all American money at the rate of slightly over $20 for each ounce of the precious metal. Now, however—if the Roosevelt plan, already existing in fact, is put into law, as appears inevitable,—American money is no longer redeemable in gold or any other metal except as Washington *may* allow; hence, it can only properly be called *government money* instead of gold money, or silver money, or money based upon any other commodity with a definite value *per se.*

Although none of the phases of the Roosevelt program are new in world history, the nationalization of gold and the institution of government money are highly significant. The devaluation of the American dollar is also significant, but less so; for reasons of export trade, if for no other reason, it was necessary to reduce the value of the American dollar in terms of other currencies and there were also reasons in internal American economy, all of which will be noted presently, but this devaluation was only in keeping with what many other countries have done in recent years. Nationalization of gold, however, is the third almost incredible precedent that the United States—the most outstanding of capitalistic countries—has set in regard to private property, while the establishment of a government currency is a distinct departure in capitalistic economy. Further, both together constitute an amazing and little known chapter in post-war Franco-American rivalry.

The matter of precedent need but be noted briefly. First slaves, then alcoholic liquor, and now private ownership of gold have been ruthlessly outlawed in the United States, and in each case with no compensation, or inadequate compensation by prevailing capitalistic standards. All other countries which ever outlawed slavery compensated the owners of the slaves, but not the United States. Liquor, however, has been outlawed in a few other places without compensation; it is, incidentally, now re-legalized in America almost simultaneously with the outlawing of private ownership of gold. To be sure, paper notes are being given in return for gold, but unless it is newly mined, the old rate of only slightly over $20 is being paid although with the devaluation of currency that has taken place, gold is now worth almost $35 an ounce in U.S. money. The significance of all this has no place in this discussion, but it is worthy of contemplation; let us turn, however, to the Franco-American aspect of the situation.

Many years ago, after the world war, France devaluated her currency to about three-fourths of its former value in terms of the amount of gold in a franc. This had a devastating effect not only on the French *rentier* class, but also on all holders of French securities where only the franc and not its weight in gold was specified. Then in 1926, the French government instructed the Bank of France to buy unlimited quantities of foreign exchange and convert it into gold. In 1926, the gold reserve of the Bank of France amounted to Gold $700,000,000; in 1932, this gold reserve had mounted to Gold

$3,171,460,000, or upwards of one-third of the entire stock of gold in all the world.

Now there can be no doubt that France consistently used its vast gold hoard for political maneuvers. Whenever France and England had differences, gold was withdrawn by the Bank of France from London. In fact, such gold withdrawals assisted materially in precipitating England's departure from the gold standard in 1931. It is also important to note that similar gold withdrawals from America in 1929 accelerated the stock market crash of that year which marked the beginning of the Great Depression. And when M. Laval, then premier of France, indulged in his much ballyhooed visit to Mr. Hoover, then president of the United States, in 1932, he was accompanied by what some American newswriters called "muscle-men of the Bank of France" who had it in their power to withdraw approximately Gold $600,000,000 in New York banks which were credited to the Bank of France. And had Mr. Hoover's conversations with M. Laval not been satisfactory to the latter, there can be no doubt that this amount would have been withdrawn, with further intensification of the panic. (In fact, according to Mr. Hoover at a later date, America sometime during that period faced the prospect of immediately abandoning the gold standard.)

Just what was involved we do not know precisely to this day; perhaps only disarmament, and perhaps also the Franco-Japanese alliance in the Far East. Anyway, America weathered the storm—presumably by doing nothing to offend M. Laval,—and actual abandonment of the gold standard came several months later because of an internal banking crisis rather than any French maneuvers. But the lesson was not lost on Hoover's successor, wherefore, although France still holds most of her gold hoard intact, the present monetary policies of the American government make it rather impotent. For with nationalization of the gold in the United States, and establishment of a government currency, Paris is no longer in its former position to attempt to dictate to Washington on monetary matters, or matters in which currency can be used as a lever. And France's only retaliation can be refusal to pay her war debts to the United States which no one not pathologically optimistic ever expected to be repaid in full, anyway. In the future, if the Roosevelt II program continues to prevail, the American dollar will be worth in international exchange what its value is estimated to be on the basis of America's trade balance, budget balance, and other items in the internal economy of the country, and not on the basis of the free flow of gold or any other metal,—and in the Rooseveltian scheme of things, it seems to be that the lower the dollar is, the better.

How low the American dollar goes remains to be seen; for the present it is not indicated that it will go below Shanghai $2.75 in exchange. Insofar as devaluation raises internal prices in U.S., the long hard-hit farmer—whose mortgage troubles have already been indicated—will be helped. So will other debtors. Stocks and other real property may be expected to boom somewhat, as the continuing uncertainty will inspire persons with money to put it in non-cash forms which may be expected to have the same relative value in terms of what one eats, drinks, wears, and otherwise uses regardless of currency value. The *rentier* class and persons with fixed salaries will suffer.

The immediate effect of the new deal in American currency on the Far East is naturally of most interest and importance to residents out here. It is obvious that the decline of the American dollar is giving American traders a competitive advantage in relation to traders of other countries which had previously devaluated their currencies. But, as already indicated, Chinese exports to America must suffer as they are now worth more in terms of American currency than formerly. *And the less China sells, the less she can afford to buy in the long run.*

Further, the decline of the U.S. dollar in relation to the Chinese dollar adversely affects other items in Chinese economy. From 1914 to 1932 (according to reliable estimates), China received from Chinese abroad Shanghai $200,000,000 a year, a large part of which came from the United States. Naturally, the depression abroad has seriously reduced this amount and last year probably no more than Shanghai $75,000,000 were received. And insofar as these remittances depend on the U.S.-Shanghai currency exchange, they will be further reduced. For example, if a San Francisco Chinese sent U.S.$1,000 to Shanghai in 1932 it was worth Shanghai $5,000; today it would be worth about Shanghai $2,900.

Another important item in China's income is the money received from abroad that is spent here by foreign officials, soldiers, sailors, etc. In 1928, for example, Professor C. F. Remer (*Foreign Investments in China, Macmillan*, 1933) estimates that item amounted to Shanghai $170,000,000, and that was an average year prior to Japanese and western monetary inflation. In terms of Shanghai currency, the income of all foreigners out here has since been reduced, but the most striking reduction has been in the case of Americans, who are now receiving only about one half what they formerly did, the decrease being due to both salary cuts and the decline in the value of the American dollar.

In only one item, and that a minor one, is China gaining from the monetary policies of the United States and other countries in recent years. International postal rates are based on the French gold franc which has remained stable for almost a decade, and since most of China's foreign postal business is with countries which have deserted gold, the exchange in this connection has been advantageous. For many years, for example, it has cost 25 Chinese cents for one ounce of first class mail matter to the United States, but whereas this used to equal five American cents, it now amounts to more than eight American cents.

There are many other aspects of the American new deal in currency that warrant discussion,—such as the repudiation of the gold clauses in various contracts both at home and abroad,—but devaluation, nationalization of all American gold, and establishment of a government currency, are enough (and some might say, more than enough) to keep the international pot boiling for some time to come. But in the last analysis, the currency program of Roosevelt II is only in keeping with the economic nationalism that is now in full flower throughout the world from the Kremlin in Moscow to the White House in Washington, D. C. And success or failure depends on whether or not economic nationalism, chiefly through political measures, is possible in the long run in a world which is increasingly international in all that really matters to make or mar human life.

W. B.

Provisional Japan-Netherlands Cotton Agreement Arrived At

Mr Saito, the new Ambassador to America, is at present negotiating with the Netherlands Government at the Hague on the cotton cloth problem. The Netherlands Government has proposed that in the present official negotiations attention should be confined to the conclusion of a provisional agreement to be operative for the next ten months, on the import quota for cambrics only, leaving matters relating to other Japanese goods to be considered and settled in the negotiations between Japanese and Dutch industrialists to be opened in Java later. Mr. Hirota has decided to accepted this proposal. The *Asahi* says that the J.-C.-J.-L. Netherlands steamship company approached the Japanese shipping interests the othey day with a proposal that a shipping agreement should be concluded in regard to the carrying trade between Japan and the Netherlands Indies, but the Japanese have not yet replied.

Will the Fourth Plenary Session of Kuomintang Solve China's Urgent Problems?

AS the highest organ of Kuomintang rule in China during the recess of the Kuomintang National Congress, the Fourth Plenary Session of the Fourth Central Executive Committee now being held at Nanking carries with it important duties in regard to the future of the nation. The convention of the Session at this grave moment of the country's history is of special importance, when so many weighty and serious problems concerning internal rehabilitation and external defence are pressing for solution. Unless the Session succeeds in evolving some practical and effective measures for coping with these issues, not only the Kuomintang as the ruling Party in China may face collapse, but the existence of the country may be gravely endangered. In view of the continued invasion of China by the Japanese and of the threatening international situation, with China as the pre-destined center of another world conflict, it is only natural that national defence should be the first problem of consideration by the Kuomintang leaders now in session at Nanking. Japan has already gobbled up four of China's constitutent provinces and is perfecting preparations for the restoration of the defunct Manchu Dynasty in China, with the ultimate object of conquering all China. How to halt the march of the Nipponese Militarists in China and how to forestall the establishment of the puppet Manchu regime over the country are problems that demand urgent attention and call for immediate settlement. Upon the ability of the delegates at the Session to tackle these problems successfully, depends the fate of China this year and in the years to come. Will the Kuomintang leaders now assembled in Nanking be able to live up to the exigencies of this grave situation and find a way out for China? The answer to this question is a matter of vital concern to the people of the country as well as to the interested Powers of the World.

As a necessary consequence of Japan's military imperialism in the Far East, a grave international situation has been created and a world crisis is ominously threatening, as the fated year of 1936 is drawing near when the accumulated issues of the interested Powers in this part of the world will have to be liquidated in a thorough, but disastrous, fashion. Relations between Russia and Japan are certainly too serious to be described as merely strained, while Japan's stark disregard of the American initiated Nine-Power Treaty and the Kellogg Anti-War Pact in her rampant activities in the Far East is a studied insult to the United States' claim to world leadership. Added to this insult are the incessant anti-American sentiments expressed in Japan. Meanwhile, Japan's intensified war preparedness and her insistent demand for naval equality with the United States and Great Britain are causing alarm in the chancelleries of states all over the world and are awakening the suspicions of all countries having interestes in the Far East. With such a setting on the international stage, another world crisis is almost inevitable. In the event of either a war between Japan and Russia or a conflict between Japan and the United States, China as the inevitable center of the next world cataclysm will not be able to escape the effects of such a situation. In the light of these contingencies, it is incumbent upon the Session as the responsible organ of Kuomintang administration in China to provide in advance definite and effective measures for national defence, lest China be caught unprepared for the crisis and dismembered by the warring Powers as spoils to the victors. Besides these two important issues, the British menace in Tibet and the French threat in Yunnan are likewise pressing for attention and unless steps are taken to curb these imperialistic tendencies, China will inevitably face the danger of further lopping-off of her frontiers.

Internally, the Session is confronted with equally weighty and difficult issues which in a sense are even more important than the problem of national defence—because no measures of national defence can be effectively carried out without a satisfactory solution of these issues. First of all, since the Kuomintang is the ruling Party in China, solidarity and unity within the Party is a condition precedent to any national reform. Without Party unity, national unity is impossible and without national unity, the country will have to face further disintegration internally and more relentless aggressions externally. To achieve Party solidarity, a thorough revision of attitude on the part of Kuomintang members towards it is paramount. Hitherto, loyalty to the Party has taken the form of attachment to or even worship of personalities, and the Party has beensplit into as many factions as there have been dominant Party leaders. Thus, personal discords among Party leaders have developed into factional strifes and thus both the country and the Party have been torn asunder by dissensions. To rectify such a situation, it is necessary for the Kuomintang members, high and low, to transfer their loyalty to men to loyalty to ideas—the Party Principles—and make the latter the pivot-point of Party and political issues. Party leaders are important only in the sense that they are the servants of execution of Party policies, and not because of their high political positions. When personal ambitions are introduced and when personal issues are brought into politics, it is incumbent upon the rank and file of the Party members to rectify the situation and force the leaders to comply with Party mandates. In this way, personal differences among leaders will lose their importance and magnitude among the Party members and real solidarity can be achieved. Therefore, Party solidarity should be one of the principal objects of the present Session of C.E.C. at Nanking.

With Party unity achieved, then the government can proceed with internal rehabilitation, which takes two major forms: suppression of Communists and bandits and reconstruction of rural districts. The first will enable restoration of peace and order, while the latter will facilitate recovery of rural economy and consolidation of national strength. Both of these two problems are inter-related, bearing the relation of cause and effect, and should be proceeded with simultaneously. While repressive measures by military force in dealing with banditry and outlawry are merely objective in their effects and can only eliminate the outward appearances of the evil influences, the fundamental solution, however, lies in revolutionary political reforms. When political administration is purged of all its traditional evils, courrption, oppression, nepotism and other baneful practices, a reign of order and peace will automatically result and the common people will be able to pursue their vocations unmolested and unoppressed. Consequently, the productive ability of the people will be greatly enhanced and the imports from foreign countries will be correspondingly reduced, thus conserving the national wealth. Among the many other important problems of present day China, these two basic issues should be given most serious consideration at the Session and an effective and enforceable program should be worked out for their solution.

It is needless to impress upon the delegates at the Session the seriousness of the problems discussed in the foregoing paragraphs, because the Session has been convened precisely for that purpose. The urgency of the situation demands postive and

practical measures to cope with them; certainly it is no time to spin fine webs of theories on the rights or wrongs of systems of government or to liquidate or patch up personal grievances among the Party and government leaders. Whatever be the system of government best suited to China, whether government by a party, government by law, government by men, or in other words, whether party dictatorship, democracy, federal government or Communist rule, the first thing of importance is the salvation of China from an imminent foreign conquest in the form of a Japanese overlordship or dismemberment by foreign Powers. Whatever form of government China may have, if it can achieve the purpose of restoring order within and warding off the aggressions from without, it should deserve the support of the people. And the Kuomintang, as the sole ruling party in China with a definite platform, compact organization and administrative ability acquired during the past six years of government, stands the greatest chance of achieving this historical task. It is reasonable to believe that leaders at the Nanking convention will not fail to perceive the weightiness of this task and devote themselves to work out a way to perform it.

Finally, it is necessary to stress the importance of consistency of words and action and to rectify the failures of the past Sessions, which are fittingly described by a Chinese paper in Peiping as a "meeting without deliberation, deliberation without decision and decision without execution." A meeting must necessarily have a definite purpose and it is precisely because of fulfiling that purpose that a meeting is called. During the past Sessions of the C. E. C., resolutions, hundreds in numbers and volumes in contents, full of high-sounding words and moral exhortations were introduced, discussed and then adopted or rejected. Whatever might be the fate of them, they were almost invariably consigned to the shelves and buried in oblivion as soon as the sessions closed. Either they were too theorectical to be carried out or they went too much in to detail to be practically enforceable it was almost always a case of "decision without execution." This situation can no longer be tolerated, not only because the urgency of the problems can not permit delay of decision by paper resolutions, but the dignity of the Session itself as the highest organ of Kuomintang authority has to be preserved in order to maintain the confidence of the people in its authority. So, the delegates at the present Session must be imbued with practical-mindedness and must arrive at some effective and practical decisions. Since the Session lasts only five days, there is all the more reason that it should approach the problems placed before it realistically and deal with them with the sure sense of effecting a practical solution of them. Therefore, consistency of words and action should be the watchword of this Session of the C. E. C. in Nanking.

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The Session was formally opened on the morning of Jan. 20 at the auditorium of the Central Party Headquarters in Nanking under the chairmanship of President Wang Ching-wei, member of the Standing Committee of the C. E. C. A total of 95 regular and reserve members of the C. E. C. and C. S. C. were present as well as a thousand representatives of various Party, Government and civic organs in the Capital.

In his address at the inauguration of the session, President Wang reviewed at length the difficulties which have confronted the government during the year that has elapsed since the third plenary session was held in December, 1932.

The year, according to President Wang, had been one of the most trying the country had ever experienced. The national crisis since September 1931 had not only continued to run its course but was becoming more grave day by day. From March last, our force carried on against our invaders a bloody struggle along the Great Wall which lasted for over three months. At this critical junctute, however, the Communist bandits suddenly attempted to attack Nanchang, thereby distracting the attention of the government. As a result, the gorvernment was compelled to conclude in May, an armistice which put an end to the hostilities in North China. Since that time, the government's efforts had been concentrated upon the suppression of the Communist banditry. It was not, however, until October and November of last year, that the government's operations against the bandits began to bear fruit. However, just as the campaign was making phenomenal progress, Chen Ming-shu, Li Chi-shen and others broke out in revolt at Foochow. The year was crowded indeed with difficulties which were at once so formidable and numerous that it would be no exaggeration to describe it as the most critical in the history of China.

Continuing, President Wang said that the fundamental cause of this unprecedented crisis lay in the fact that during the past few decades, China had lagged behind in the political, economic, military as well as cultural fields. This backward state could not be changed overnight and before it was rectified, crisis of similar magnitude as had befallen us might have broken out at any time.

As the crisis occurred just at the time when the reins of government were in the hands of the Party, we naturally could not shirk our responsibility, President Wang said.

As for the Communist banditry, President Wang said that this was due largely to the economic backwardness of the country during the past few decades, collapse of rural economy, and the consequent increase in the number of unemployed. He referred in this connection to the horrifying atrocities perpetrated by the Communist marauders, ponting out that in the province of Kiangsi alone, the population had suffered a decrease of 6 millions as a result of the bandit ravages.

In coping with this bandit menace, President Wang continued, the government must not merely prosecute with vigor the military campaign against the marauders but must also attempt to remove the root causes of the trouble by solving the problem of unemployment and relieving the sufferings of the people.

President Wang pointed out that in view of the gravity of the national crisis, it would have been problematic whether the Party could overcome it, even if all its leaders were firmly united. However, instead of leading their support to the central authorities, Chen Ming-shu, Li Chi-shen and others staged a revolt in Fukien, repudiating both the Party and the state.

After lamenting this desertion of the Party, President Wang pointed out that the rapid collapse of the revolt was due not merely to the efforts of the government forces but also to the fact that, realizing their own mistakes, men of the 19th Route Army had lost their fighting spirit and the Army had thus crumbled to pieces without any serious struggle. The Fukien fiasco should serve to show that no military unit, however famous, would be able to stand by itself, once it severs itself from the Party.

Continuing, President Wang declared that it would be the task of the fourth plenary session of the C.E.C., after examining the causes of past difficulties and taking cognizance of the efforts of the Party for their solution, to formulate and decide in what directions our efforts should hereafter be exerted as well as the manner in which our struggle should be carried on. It was our hope, he said, that after the fourth plenary session, all the domestic and foreign difficulties now pressing upon the government would be solved and overcome. He said that there was no denying the fact that conditions in present-day China were unsatisfactory. In fact, it would be well to acknowledge this indisputable fact, as dissatisfaction was a powerful impetus to progress.

President Wang then drew attention to the important mission of the Party and pointed out that the future still held forth bright prospects. We should also remember, he said, that the tasks which Dr. Sun had left to us were at once complicated and colossal. The struggle must therefore, be carried on and, in order to succeed in that struggle, it would be necessary for us to shoulder our responsibility with courage and to take and welcome advice with humility. "Courage and humility" should therefore, be the watchwords for our future exertions, President Wang concluded.

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Following the opening ceremonies, a preliminary meeting of the Session was held, presided by Yu Yu-jen, President of the Control Yuan. The meeting appointed a Presidium of seven for the Session, including Gen. Chiang Kai-shek, Wang Ching-wei, Sun Fo and four others with Yeh Chu-tsang as secretary-general. Decisions made at the meeting included the fixing of the duration of the Session from Jan. 20 to 25 and the appointment of five committees for the examination and study of proposals dealing respectively with Party, political, military, economic and educational affairs.

The first formal meeting of the Session was convened on Jan. 22 with President Tao Chi-tao of Examination Yuan in the chair. While the meeting was mainly devoted to the hearing of reports from the various Committees, considerable attention was aroused in the Capital following the return of Gen. Chiang Kai-shek, Chairman of Military Affairs Commission, from the Fukien front by airplane. Gen. Chiang was given a hearty welcome by a large number of party and government leaders who assembled at the airdrome to greet his return. Gen. Chiang had spent almost six weeks in Fukien, directing the operation of the government Army against the Fukien rebels and his personal command of the campaign was largely responsible for the swift collapse of the rebel government

The second formal meeting of the Session on Jan. 23, found Gen Chiang on the rostrum. The meeting was attended among others by two new arrivals, Marshal Chang Hsueh-liang and Gen. Huang Shu-chu (Chairman of Kwangsi) who arrived at the Capital from Shanghai that morning. Marshal Chang, who returned to China on Jan. 8 from an extended tour in Europe, had been staying at Shanghai and his participation at the C. E. C. Session at Nanking is said to have been desired by Gen. Chiang. Upon his arrival, Marshal Chang was seen by President Wang Ching-wei and other high officials of the Government. After a brief rest, he drove to the Central Military Academy to pay his first official visit to General Chiang since his return to China. Gen. Chiang and Marshal Chang conversed for almost an hour and later proceeded together to the Central Party Headquarters to attend the day's meeting of the Fourth Plenary Session.

In the course of its deliberations, the meeting reached several important decisions. Following hearing of the report by General Chiang on the military campaign against Fukien, the meeting decided to adopt in principle Gen. Huang Shao-hsiung's (Minister of Interior) proposal of reform of the existing system of provincial government. The proposal provides for the abolition of the present committee system and institution of the old system of provincial governors in order to centralize the control of the provinces. The second important resolution carried at the meeting was the proposal submitted by Gen. Ho Ying-ching, Minister of War, to shorten the period of political Tutelage with a view to the early introduction of constitutional government in China, according to a *China Press* report on Jan. 24. Gen. Ho's proposal also urges the sanction of civil rights of freedom of speech, of press, of publication, and assembly. Basic reforms in political administration with a view of doing away with the accumulated evils of corruption were recommended by Li Tsung-huang; recommendations on educational affairs were approved. These included one made by Chiao Yi-tang, member of the Legislative Yuan, calling for the establishment of Chinese medical schools and Chinese pharmacies throughout the country with a view to promoting Chinese medical science and another asking emphasis on vocational training and extra-curricula activities of the students, submitted by General Liu Chih. Chou Lu, a Southwest member of the C.E.C., submitted a new budget for Chung Shan University at Canton, while President Wang Ching-wei recommended the removal of the Central University from its present campus to a suburban district of Nanking. All the proposals on political affairs adopted at the Session were referred to the Central Political Council, and those on educational problems to the Ministry of Education for execution.

Considerable attention was centered around the proposal made by Gen. Cheng Chien, who is now in Shanghai, calling for the strengthening of the national defense in preparation against emergency. It is recommended that a special committee on national defense be established and the whole country be divided into military zones to facilitate the work of promoting a strong national defence. This proposal was also adopted in principle.

Declaring that the concentration of national energy on economic reconstruction provides the only means of saving China, T. V. Soong reviewed the work of the National Economic Council before the meeting of the Session on Jan. 22. Mr. Soong briefly sketched the Council's principal activities which included road construction, public health, rural reorganization, improvement of sericulture and educational reforms. He noted that the service of league experts had been secured in most of these spheres, and declared that good results had been achieved in plans already in progress. Referring to the American wheat and cotton loan, he pointed out that this was the first foreign loan secured under the National Government, the entire proceeds being placed at the disposal of the National Economic Council for productive enterprises.

The sole policy of the National Economic Council in the future, he said, would be to make use of funds already available for financing practical reconstructive projects, and to concentrate talents on research and investigation with a view to formulating concrete and feasible schemes.

The third meeting of the Session on Jan. 24 under chairmanship of President Sun Fo was devoted to the deliberation of proposals largely dealing with Party and economic affairs and a total of 14 resolutions were adopted. The resolutions were later referred respectively to the Central Political Council, Executive Yuan and the National Economic Council for execution.

With the conclusion of the third meeting, the Session has one more meeting before it will be closed. Thus far, no resolutions of far-reaching national importance had yet been adopted. Also it is not known whether there will be a reorganization of the National Government after the close of the Session. According to report from Nanking, it seems that Lin Sen, incumbent Chairman of the National Government, will be re-elected, but there have also been reports that Mr. Lin is insistent on retiring from his office and that Dr. Tsai Yuan-pei, President of the Central Research Council, may be elected to succeed him.

The question of the future of Marshal Chang Hsueh-liang was apparently not discussed at the Session, although he was present at all the three meetings since his arrival at Nanking. It is believed that the matter has been discussed personally between him and General Chiang Kai-shek and that he will be appointed a Commander of a Government Communist Suppression Force in Kiangsi to take charge of the anti-Communist campaign in that province.

C. H. H.

Eugene Chen Confuses Issues in Last Manifesto from Foochow

EUGENE Chen's last manifesto from Foochow bearing the date of Jan. 15, two days after the collapse of the "People's Revolutionary Government," is an interesting document, but came too late to serve any useful purpose. The statement was issued in response to an inquiry from a Chinese correspondent in Shanghai regarding the reasons for the overthrow of the Kuomintang by the Fukien rebel leaders. In his arguments designed to justify such a step, Mr. Chen, while giving some broad ideas of national reform in China, has confused certain important issues in Chinese politics under the Kuomintang rule and failed to distinguish the three separate elements in the situation, namely, Kuomintang as a party, individual leaders exploiting the name of the Kuomintang, and Kuomintang principles. Unless one grasps realistically the essential difference of these three elements, one can not rightly assign the responsibility to any or all of them for the mis-rule of China during the past five years.

Mr. Chen contended that Kuomintang rule is a negation of democracy, the second of Dr. Sun Yat-sen's Three People's Principles, and that since its existence makes for disunion, for civil war, for dismemberment of China and for exploitation of the people, "the revolutionary leadership had perforce to 'throw the Kuomintang overboard'." In an analysis of this statement, it is apparent that Mr. Chen has confused certain individual leading members of the Kuomintang with the Kuomintang itself and with the Kuomintang prinicples. Kuomintang dictatorship of China in the objective sense of the term is an inaccuracy of description or even fictitious, because it has not been the Party as a whole that has dictated to the nation, but a number of important individual members of the Party who have actually ruled China. Therefore, to hold the Kuomintang responsible for the misfortunes of the country is an unfair indictment; and to lay the blame for such on the tenets of the Kuomintang is positively an injustice. As a matter of fact, the Kuomintang principles, which are legacies of the late leader Dr. Sun Yat-sen, and in the name of which the Party has seized political power, have never been given an honest chance of trial and in the light of this fact, the mis-rule and misfortunes of the country during the past few years should be attributed to the failure of the Kuomintang leaders in power to put them into execution. A good case might have been made out of the Fukien Independence Movement, had its issues centered on the insistence of carrying out the principles bequeathed by the late Leader.

Many of the political and social reforms which Mr. Chen demanded to be instituted have all been provided in the platform of the Kuomintang and can be achieved without insisting on its overthrow. For this reason, the real solution of the present national problem of China is not necessarily a break-up of the Kuomintang system, but an honest and energetic realization of the Kuomintang principles. When all the slogans of blessing and reform as hearalded by the Nationalist historical drive from Canton to the Yangtsze Valley in 1926-27 are carried out and when every article in the Kuomintang platform is executed, and still the

country is in a forlorn condition, then a real necesscity will arise to "overthrow the Kuomintang overboard" and a more revolutionary program will needs be adopted. Pending such an event, Kuomintang must be given a fair chance of trial and experiment.

In his insistent demand for the overthrow of the Kuomintang, Mr. Chen urged the necessity of transfering the political power from it to the producing and working masses. Here, Mr. Chen failed to appreciate the actual existing situation in China. Who are the producing and working people in China? Are they a compact and well-organized class of people with a representative leadership and a definite program or are they just "masses?" To transfer the political power to the "masses" with neither organization, nor leadership, nor program is to confound a confused situation or, to put it simply, "make a mess out of it." In one sense, Mr. Chen's statement is correct in that national political power should not be monopolized by a single party, faction or a fraction of individuals for its own exploitation, but to carry out Mr. Chen's wish in the present instance, it would have no other meaning than the transfer of the Kuomintang power to the leaders of the producing and working masses as represented by the militarists and politicians of the Fukien movement. No one can take issue with Mr. Chen regarding the necessity of improvement of conditions of the peasants and working masses, but to assign this important and revolutionary task to the Fukien leaders is simply asking the impossible. To achieve that purpose honestly, a new revolutionary leadership must rise from the ranks of the producing and working masses as spoken by Mr. Chen and not from the leaders of the Fukien type, though among whom there are undoubtedly not a few members with sincere ideas of reform and revolutionary outlook.

The full text of Mr. Chen's statement follows:

"You (referring to the Shanghai correspondent mentioned above) belong to the generation of Chinese who, in the natural course of events, will be responsible for the government and work of tomorrow in China. It is your right to know the reasons of policy and action which move men of the present ruling generation. You, to whom the torch will be handed, must have some idea of the direction and the end to which men of today are striving in this greatly disarrayed land of ours.

"I emphasize, at the outset, a decisive fact. This movement is a revolution, not a mere revolt or rebellion. It aims at the transfer of political power not from one group to another group within the ruling Kuomintang class, but from the latter to the Chinese People, as represented by the vast producing and working masses of China. To effect this transfer of power, it is necessary to eliminate certain individuals in Nanking in the sense that the construction of a new road necessitates the blasting away of obstacles.

"So-called revolutions hitherto have been politico-military sturggles for a shift of power from one group to another group within the Kuomintang. This was the case in 1931 at Canton; and it continues to be the aim of the Kuomintang group whose organ of opposition is the South-West Political Council at Canton. In the absence of real machinery enabling one Kuomintang group to replace another Kuomintang group in the seat of power, the ancient right of rebellion is of necessity the sole means of effecting a change of government in China under Kuomintang rule. This rule is theoretically a party dictatorship; and since it is of the very nature of such a political system that government must be autocratic, Kuomintang rule is a negation of democracy, which is the second of Dr. Sun's Three Principles of the People.

"Because it is anti-democratic, the Kuomintang dictatorship does not rest on the people nor does it, of course, govern with the consent of the governed. And for this reason, it is logical that the Kuomintang denies in practice, freedom of speech, of publication, of assembly and the other fundamental liberties enjoyed by a free people.

"This dissociation of the people from the Kuomintang is accentuated by the exploitation of the producing and working masses of the nation, whose condition is admittedly worse today than it has ever been during the last hundred years. This mass exploitation is also a necessary consequence of the Kuomintang dictatorship whose conception and actual practice of the state is Asiatic in that it envisages China, not as the national possession of the Chinese People, but as the property of the ruler, i.e. the Kuomintang under the leadership of Chiang Kai-shek.

"A dictatorship is theoretically opposed to the conception of politically civilized society, since such a society implies the existence of political processes or machinery by which a change of government can be effected without a resort to force in the form of civil war, whereas a change of government under a dictatorship—though there may be 100/1 good reasons for a change—must be effected by force, by civil war, by chopping off heads instead of counting heads.

"But there is historical experience in support of the institution of a dictatorship at a grave moment in the life of a nation. Dictators were not unknown in ancient Greece or in the history of Rome. And I would not violently disagree with the view that a dictatorship might be permissible as an extraordinary measure to cope with an extraordinary situation. On this ground, for instance, it might be possible to justify the original institution of the Kuomintang dictatorship, but its continuance can only be justified by its ability or capacity to cope with the situation that called it into being. The fact that the Kuomintang dictatorship under Chiang Kai-shek has made for national disunion, for civil wars, for the dismemberment of China, and for the unparalleled exploitation of the people, is a demonstration of the failure of the Kuomintang dictatorship as an instrument of government.

"In these circumstances, the revolutionary leadership had perforce to 'throw the Kuomintang overboard.' To have set up another Kuomintang opposition in Foochow, coupled with a demand for the resignation of Chiang Kai-shek, was clearly not a solution of the grave problem created by half a decade of Kuomintang rule. Chiang Kai-shek is a sort of creation of the Kuomintang, and his mere elimination would be quickly followed by the emergence of some other Chiang Kai-shek, since such a succession is inevitable and inherent in the whole political system of the Kuomintang.

"To solve, therefore, the national problem created by the Party, it is necessary to break up the Kuomintang system, and to substitute for Kuomintang centralization and unification by civil war the alternative conception of national unification on the basis and within the framework of a federal state-sysrem, reinforced by a fundamental change in the living conditions of the producing and working masses in order to erect, on a new economic foundation, structure of a modern state.

"This new economic foundation must rest partly on the broad, strong shoulders of a powerful peasantry whose medieval economy must be transformed into a modern economy by giving land to the peasants for the production of food and the creation of a surplus to enable them to buy the products of an industrialized China and otherwise satisfy the needs of a civilized life. The working masses must also share in sustaining the new economic foundation of the Chinese State which is envisaged by the revolutionary leadership here.

"Unlike the Kuomintang dictatorship, we do not plan for a rehabilitated China which shall serve either as an object of exploitation by the militarists, the Kuomintang mandarinate and the Asiatic bourgeoisie in Shanghai and other treaty ports, or as a mere market for the absorption of the surplus products of a foreign industrial system which subordinates and sacrifices the worker as man to the extraction of private profit with its corollary of proletarian misery and unhappiness, That is the policy of the Kuomintang dictatorship with its league experts and British and other alien advisers. They plan for a China with an "open door" to Controlled Capitalism which, because it is controlled, shall make for the more effective and scientific exploitation of the producing and working masses of the Nation.

"We have another plan, another vision of a new China in which the people, as represented by the producing and working masses, shall be assured not only of political security but of economic security to be achieved through fundamental agrarian changes and the coming of an economic order which shall not sacrifice human happiness and joy to Capitalist gain.

"The men of the present revolutionary leadership may or may not live to see this vision come true and plan fulfilled. But the vision will not fade from the eyes nor will the plan be forgotten by the mind of the rulers and workers of tomorrow in China."

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Fighting in Fukien has practically ceased following the complete collapse of the rebel regime and utter demoralization of the 19th Route Army. The National Government is now devoting its attention to the reorganization of political and military affairs in that province and is perfecting plans for the establishment of a new Fukien Provincial Government with Gen. Chen Yi, until recently Vice-Minister of War, as Chairman. Changchow, last stronghold of the rebel Government, was captured by the Government Expeditionary Army on Jan. 21. while the fall of Chuenchow, where the remnants of the 19th Route Army are being concentrated, is momentarily expected. With the flight of the principal leaders of the rebellion, Gens. Chen Ming-shu, Li Chi-sen, Chiang Kwan-nai and Tsai Ting-kai, the original four Divisional Commanders of the Army, Gens. Sheng Kwan-han, Mao Wei-shou, Chang Yen and Ou Shou-nien have petitioned to the Government, repentng their conduct and pledging their allegiance to the Central Authorities. They declared that they had seceded from the rebel Government and had ordered cessation of all military operations with a view to effecting a peaceful settlement. The message added that Gen. Tai Chih, former Garrison Commander of Shanghai and Woosung, had been nominated temporarily as head of the 19th Route Army.

While the formal abolition of the "People's Revolutionary Government" has not yet been announced, it is said that Nanking authorities are insistent on this step before they declare their punitive

(*Continued on page 362*)

Dalai Lama's Death Brings Crisis to Tibet

BY HARRY PAXTON HOWARD

THE death of the Dalai Lama has brought crisis to Tibet. The Dalai Lama has been, for more than two decades past, distinctly pro-British, and a leader in the "progressive" Anglophile element which has been making headway against the old conservative lama element in the Buddhist kingdom. China has for many years exercised no control whatsoever over Tibet, but in the present situation many of the conservative lamas, in bitter opposition to the pro-British and modernistic tendency, are casting more friendly eyes upon China than they did during the period when their country was a part of the Chinese Empire. Reports from the country are meager and unsatisfactory, filtered as they must be through India, with which Lhasa has telegraphic connection, but there is little doubt that the ruler's death has brought things to a crisis between the conservative lamas in control of most of the monasteries and the religious life of the country, and the more modern and pro-British element which is mainly in control of the army.

Owing to the isolation of Tibet, and its slight economic importance, it appears but rarely in the news. Travelers enter the country with difficulty, having to make the entrance through India, where the British Government exercises careful supervision of visitors to the country. The Panchen Lama, recognized by most of the lamas as the spiritual head of Tibet, was reported last year to have reached a tentative agreement with the now deceased Dalai Lama, negotiations being of course conducted through the British Legation at Peiping, and his envoy obtained British permission to enter his homeland via India, but the mission appears to have been unsuccessful. The Panchen Lama is still in China, and his return to Tibet at present would probably not be acceptable to the British authorities. He might, indeed, go back via the mountainous northern and eastern frontiers, but here the pro-British Tibetan army is in charge, and his success would be problematical.

Tibet Once Hospitable Country

The present element of British control over Tibet is of comparatively recent origin. British influence, however, began to be felt more than a century ago, with the expansion of Britain's empire in India. Ninety years ago, as the Abbe Huc makes clear in his interesting account of his journey to Tibet in 1846, the Lama kingdom was most friendly and hospitable, not professing, "in regard to other people, those principles of exclusion which constitute the distinctive character of the Chinese nation. Everyone is allowed to enter Lhassa; everyone can go and come, and engage in commerce and industrial pursuits without the least restraint." By that time, however, there was already one exception—the British, regarding whom the French priest noted that "it is probable that the English would not be excluded more than any other nation, had not their invasive march into Hindostan inspired the Talé-Lama with a natural terror." The Tibetans had "taken it into their heads that the English are an encroaching people, who are not to be trusted." The Lama kingdom's "national seclusion" was beginning.

The apprehensions of Tibet's theocratic rulers were by no means without foundation. This great country, the area of which has been calculated at a million square miles—far larger than all Manchuria, and greater than Great Britain, France, Germany, Italy, and Spain put together—had already seen the British Empire in India expand to the very borders of the Lama kingdom. In 1774 Warren Hastings had sent a mission to Tibet, hoping to use the kingdom against its neighbor Nepal, but had no success. In 1816 the British succeeded by a hard-fought war in establishing themselves in Nepal—formerly tributary to China,—and had reached the border of Tibet on the southwest. To the east of Nepal, Sikkim (tributary to Tibet) was compelled to bow to Britain in 1860, and Bhutan (also a tributary) in 1865. Ladakh, the western extremity of Tibet, was brought under British rule as a part of Kashmir. Assam, south of Tibet, was annexed in 1826, and Burma further east (a tributary of China) in 1886. Tibetan attempts to assert old rights in Sikkim were driven back by British forces, and China finally recognized (in 1890) the British protectorate there. Tibet was before the end of the century half surrounded by British dependencies, which stretched from Burma and Assam on the southeast to Kashmir—including Tibetan Ladakh—on the northwest. The "Talé-Lama's" fears would seem to have been justified.

Enormous Country

The area and population of Tibet depend mainly upon what boundaries are taken. The old Lama kingdom, centered at Lhassa, held the south and west of this great country, its boundaries extending to the Himalayas and the Kuen Lun mountains. Further east, in the Chwanpien district bordering west Szechuan, the population included not only Tibetans proper, but the Kham and other tribes, as well as Chinese, as was also true further north in the Koko-Nor area. The bulk of the some two million population of the old Lama kingdom was located in the south, a region of mountains, rivers, good soil, and farms and orchards. Further north the plateau (the highest in the world) is arid, extremely cold, and very sparsely populated.

Southern and western Tibet contain not only farms and orchards, but also considerable supplies of gold, and to the north of the farm-land there is good pasture, from whence raw wool is exported from the country. All this most prosperous part of the country borders on what was already, before the end of the nineteenth century, British Indian territory. In spite of the attempts to bar Britons, the latter had spied out the country well, using obedient Indians—entering as Buddhist pilgrims—for this work, the "pilgrims" carrying "fake" prayer-wheels containing in the barrel, instead of prayers, rolls of blank paper on which notes could be made, and utilizing Buddhist rosaries to count paces and distance. Some of these spies gained entry to Tibetan monasteries as students. (The "Encyclopedia Britannica" makes some interesting references to this work.)

British Force Way Into Tibet

Repeated British attempts to negotiate direct with Tibet failed, but China finally signed a treaty granting Britain both trading rights and extraterritoriality in the Lama kingdom. Little else developed until the Russians became active there, counting successfully on the Tibetans' preference for far-away Russia, not even in geographical contact with Tibet and evidently too distant to be an immediate menace, to the British Indian Empire which had reached the very doors of the Lama kingdom. In 1896 Russia and China had formed their secret alliance, and in 1902 (the year the Anglo-Japanese Alliance was formed) a Russo-Chinese agreement established Russia's position in Tibet on a legal basis, the two empires pledging themselves to maintain peace in the Lama kingdom and co-operate in measures against any menacing third party.

British attempts to negotiate with Tibet, as well as with China and Russia on the subject of the country, failed, and towards the end of 1903 a British army invaded Tibet via the Chumbi Valley, reaching Lhassa August 3, 1904. A treaty was forced on the Tibetans which provided for the occupation of the Chumi Valley by British troops for seventy-five years, pending the payment in yearly instalments of an indemnity of £500,000 (7,500,000 rupees) by the Tibetans, as punishment for having their country invaded. Tibet also agreed to open marts for British trade, to recognize the Sikkim frontier established by Britain, and to exclude any other foreign power from political influence, or territorial or commercial concessions, in the Lama kingdom. The terms (to which China gave unwilling assent in

1906) were however modified after Russia's defeat by Japan in 1905, in consideration of an entente between Britain and Russia, both powers agreeing not to appoint any official representative at Lhassa, and to recognize China's "suzerainty" over Tibet. The British occupation was "officially" shortened, and the indemnity reduced, but when the British troops took their official departure in 1908 this did not put an end to the British garrisons at the trade marts. Also, the agreement to appoint no "official representative" at Lhassa did not hinder "direct relations between British commercial agents and the Tibetan authorities," which was in fact specifically provided for by the treaty. It was not long before the Anglo-Indian rupee, the symbol of British commercial penetration, had become the common currency of the country as far as the Kham territory.

British Intervention Against China

The Chinese authorities, seeing clearly that unless Tibet were brought under firmer control it was due to go the way of Korea, decided in 1910 to assert their sovereign power at Lhassa, where the Dalai Lama was already suspected of being far too friendly to the British. China deposed him, and he fled to India, appealing to the British to intervene for him. They were hesitant at first, but the Chinese Revolution soon decided things. The Chinese forces in Tibet, divided between revolutionists and Imperialists—not to mention those who simply turned to plunder,—were driven from the country by Tibetans who saw in the Revolution an opportunity to eliminate Chinese rule. Whether or not there was direct British support of this uprising at the beginning, British intervention was made apparent when Yuan Shih-kai, declaring Tibet an integral part of China, sent new troops to maintain Chinese authority. Britain definitely interfered, refusing to permit these troops to enter Tibet, and also protesting against Yuan's declaration that Tibet was an integral part of China. The Dalai Lama returned to Lhassa.

Negotiations were held in 1913 at Simla, in India, between British, Chinese, and Tibetan representatives, concerning the status of the country. Britain and Tibet adopted a convention recognizing "Outer Tibet," the old Lama kingdom, as "an autonomous state under Chinese suzerainty and British protection." Besides this establishment of a British protectorate over this area, great regions to the east and northeast were included as "Inner Tibet," extending through Koko-Nor and taking in western Szechuen, which had for centuries been under Chinese rule, but where China, "recognizing the special interest of Great Britain . . . was not to send troops . . . or to station troops or officials or establish colonies," nor to "convert it into a Chinese province." And "nothing in the convention was to prejudice the existing rights of the Tibetan government" (whatever they could have been) in "Inner Tibet." (See handbook on Tibet prepared by the British Foreign Office in 1920.)

The Chinese government refused to recognize such an agreement. But the Chinese delegate had agreed, and though Peking had repudiated his action and refused to ratify, the British government notified China that the Anglo-Tibetan convention was binding. The Lama kingdom remained a British protectorate, with the Dalai Lama as its head.

Britain's Protectorate Over Tibet

There was a truce of a few years before the Tibetan troops, now well organized and drilled, began making actual inroads into Chinese territory further east. In 1918 they invaded western Szechuan, easily defeating the scattered forces of Chinese soldiers, with archaic equipment, of the far interior, and occupying a number of districts of Szechuan. A local Sino-Tibetan treaty was finally negotiated by a British consular officer, and approved by the Indian Government, leaving the Tibetans with areas expanded much further towards the east. These new areas were maintained for some time, but later were the starting point for new drives. Still more territory was occupied last year.

The Chinese Government, it may be noted, has never openly recognized the British protectorate over Tibet. In 1919, indeed, the Anfu gang in Peking were prepared to agree to the British demands, and entered into negotiations for the purpose, but the patriotic fury which rose against the "traitors" at the time resulted in the parleys being suddenly terminated. No open agreement has as yet been reached on the question.

The military situation, however, has markedly changed. It is no longer a question of superior Chinese troops being kept by the British from establishing Chinese authority in Tibet. The Tibetans are not only capable of taking care of themselves, but of defeating the Chinese border troops to the east. Under British training, their army has developed excellently. Mr. MacDonald, retired British Trade Agent in Tibet, tells in his "Twenty Years in Tibet" of how batches of Tibetan soldiers, with their officers, came down to the Gyantse fort, with its British garrison (the Trade Agent's escort), for training under British and Indian officers. Today Tibet has a small but quite modern army, well equipped, under British-trained officers, and even with British-style uniforms and English words of command.

It is in this army that modernization along British lines has gone furthest. And it is this army which is the mainstay of modernism in Tibet, though there are a few men outside the army who also have received British education. The pro-British Dalai Lama, however, was the center of the Anglophile influence, maintaining this against the bitter opposition of the mass of the lamas. With his death, the protectorate enters into a period of uncertainty, as the conservative lamas of most influence resent the influx of outside ideas threatening their supremacy. What will be the upshot remains to be seen.

Panchen Lama Arrives at Peiping, Proceeds to Nanking

The Panchen Lama, "Living Buddha" of Tibet and Special Cultural Commissioner for the Western Border, arrived in Peiping Jan 19. from Kueihua, provincial capital of Suiyuan. He was welcomed at the station by representatives of the Peiping Political Affairs Readjustment Committee, and the Peiping Branch of the Military Affairs Commission, as well as Colonel Yuan Liang, Mayor of Peiping, Major-General Yu Chin-ho, Commissioner of Public Safety, the various Lama priests, and a number of Mongolian dukes and princes.

The Panchen Lama several days later proceeded to Nanking to attend the Fourth Plenary Session of the C.E.C. At Nanking there is also dircussion by the Central authorities of the question of his return to Tibet, in view of the death of the Dalai Lama, the temporal ruler of Tibet, as well as the problem of local autonomy in Inner Mongolia, Before returning to Lhassa, capital of Tibet, which he left 12 years ago, it is understood that the Panchen Lama will first proceed to Chinghai (Kokonor) to explain to the Mongolians there the policies of the Central Government.

General Huang Mu-sung, Special Commissioner to Tibet, is leaving for Lhassa, capital of Tibet, in February. A telegram of welcome has been received from Lhassa. General Huang has been conferring with Kung-Chiao-Chung-ni, resident representative of the Tibetan authorities, on certain aspects of the Tibetan situation.

Mongolian Delegation at Nanking Becomes Insistent

At a meeting of the Mongolian delegates held at Nanking Jan. 18 to oppose the adoption of the 11 measures governing local autonomy in Inner Mongolia passed by the Central Political Council it was decided that in case the Government fails to enforce the measures governing local autonomy in Mongolia as tentatively agreed upon between Minister Huang Shao-hsiung and the various Mongolian dukes and princes at Pailingmiao, the delegation will return to Mongolia immediately.

Eastern Sinkiang Declares Independence from China

A new Government has been established at Kashgar, according to a *Tass* Agency report from Tashkent. The Khotan Emir, whose domain is near the Indian border, is said to be supporting the new government which has declared itself the government of the whole of the eastern part of Sinkiang province. The new regime is reported also to have proclaimed full separation from China.

Notes on Building Activities in Shanghai by Realty Investment Company

By watching carefully the amount of new building in the first month of the new year, 1934 looks promising in prospect. January will show a distinct gain over the same month of last year, and if this can be taken as an indication for the year, it will represent a normal and substantial increase. The largest building permit for the week is for a new Guild house on Avenue Edward VII, near Chengtu Road.

A second large building operation in the same vicinity is for 40 Chinese houses in one group, off Avenue Edward VII.

Northern Section :—

18 Chinese Houses—Haining Road, near North Chekiang Road.

Eastern District :—

Weaving Mill off Ward Road, near Meichow Road.

2 Chinese Houses—Tsitsihar Road, near the corner of Tanyang Road.

Soviets Make Great Advance in Cotton and Artificial Silk Production

According to the *Deutsche Allgemeine Zeitung* the Soviet Union has exceeded the pre-war level of cotton production twofold, whereas in all other countries producing cotton the output in 1933 was less than the pre-war level.

The data given in said newspaper relating to the production of artificial silk shows that in 1933 the U.S.S.R. already occupied second place, exceeded only by America, the Soviet Union producing 45,000 tons.

Japan's Next Move---Peking, Capital of Manchukuo; Mukden, Capital of Japan?

BY C. Y. W. MENG (孟 憲 彝)

THE ink on the Tangku Agreement is partially dried; the Japanese have not sufficient rest to start their fresh military activities in North China. By the Tangku Agreement, Japan added one entire Chinese province to her conquest, besides the demilitarization of a vast area around Peiping and Tientsin. By "another agreement," Japan wants to add the Charhar Province to her conquest! Three years ago, Japan took the Three North-Eastern Provinces (Manchuria) from China in rapid succession. Last year, she took Jehol from China; this year she will take Charhar from China; next year Japan will take more territories of China's North-West. Thus, within a couple of years Japan will have completed her conquest of the whole of North China. The Japanese method of conquest is to conquer China not by one stroke at a time, but rather, "one by one" at different suitable times. Through this "step by step system" Japan will have many advantages, as she will have sufficient rest after each military action; she thus draws no opposition from the powers, and allays anti-Japanese feeling from the Chinese, while calmly carrying on her conspicuous military actions in North China.

For the Chinese, the Tangku Agreement means the end of the Sino-Japanese hostilities once for all. So, right after the signing of the Agreement, all available troops were withdrawn. But for Japan, the Tangku Agreement means only a "recess" by which Japan will have sufficient rest to refresh herself for fresh activities when a suitable time comes. During the recess, Japan consolidates herself in the newly acquired territory, and at the same time prepares herself for new actions—while China, it is a pity to say, prepares for civil wars! When Japan has completed her preparations, she begins her action under the pretext of "the suppression of bandits on the Manchukuo border." She knows well that the Chinese would not be able to put up any effective resistance; the final victory is on the Japanese side. The Japanese sacrifice of lives and money will be well compensated by acquisition of one province after another. What Nanking would do is to lodge protests with the Japanese diplomatic and military authorities, and at the same time, to dash out instructions to the local military authorities to refrain from conflict "pending the negotiations with the Japanese," which means nothing more than instructing the authorities to adopt the "non-resistance policy." But the very prompt Japanese answer will be that "such are only the local affairs," or "the Japanese troops will be withdrawn when the bandits have been suppressed."

Reasons For Charhar Drive

The Japanese drive on Charhar was begun several weeks ago; Hsifengchai and Chicheng, two strategic places, were already lost. At the time when this article is written (January 20) the Japanese and Manchukuo combined forces were only about 100 miles from Kalgan, the capital city of Charhar. At the last plenary session of the C.E.C. Meet in December, 1933, Japan alleged that the Meet had endorsed the resolution which called for the recovery of the "lost Manchuria" by giving full support to the Chinese volunteers in Manchuria; by engaging in more military preparations and activities in Jehol; and by intensifying the Chinese boycott movement, etc. Believing that the Chinese would eventually take such steps, the Japanese thought it advisable to start the offensive first, so the attack on Shanhaikwan and Jehol began. Certainly, the Japanese believe that the present Plenary Session of the C.E.C. Meet will adopt similar resolutions, so the Japanese start a drive on Charhar, partly with an idea of embarrassing the Chinese leaders, thus causing and prolonging the political dissension, discontent and chaos in the country, by making the situation in North China again "serious" for the Chinese.

When the Japanese drive has reached further south into China proper, the drive will naturally assume more and more significance and importance. According to the Tanaka Memorial, Japan is to use Manchuria and Mongolia as a "base" of action for further drives into China Proper, and "under the pretence of trade and commerce penetrate the rest of China. Armed by the rights already secured, we (the Japanese) shall seize the resources all over the country. Having China's entire resources at our disposal we shall proceed to conquer India, the Archipelago, Asia Minor, Central Asia, and even Europe. But to get control of Manchuria and Mongolia is the first step if the Yamato race wishes to distinguish themselves on Continental Asia," said the Memorial.

Recently, we have heard much about the Mongolian demand for autonomous government. So far as we know, the movement represents only the desire on the part of some young Mongolian leaders who desire more political powers in governing themselves, there being no truth that the Japanese are behind the movement. But the Japanese seize the opportunity. Professional propagandists and agitators were at once dispatched to Mongolia to interview the Mongolian leaders, to convince them of the advisability of joining hands between the Manchus and Mongolians. By further propagating the "restoration movement," the Japanese intend to induce and win over the feeling of many Mongolians. We are informed that the Panchen Lama who is now in Peilingmao (Inner Mongolia) was once also approached by the Japanese. By conquering Charhar, Japan aims at bringing about the "union" between the Manchu and Mongolians. Again to refer to the Tanaka Memorial, which provides: "Since Manchuria and Mongolia are still in the hands of the former princes, in the future we must recognize them as the ruling power and give them support . . . . . "

That is to say, the Charhar drive is launched in its connection with the restoration of monarchy and in its relationship with the Japanese attempt to win over the feeling of the Mongolians. The Japanese know well that these Mongolians are mostly conservative and ignorant pastoral people; many of them still talk about the Tsing Dynasty, and seem never to know that China is a republic today. The Japanese realize that without putting Pu Yi, the living Tsing Emperor, on the throne, Manchukuo could not induce the Mongolians to go over with success. But to the aggressive Japanese militarists, the mere restoration of monarchy is not sufficient, and the restoration must be accompanied by the establishment of the capital in the old capital—that is, Peiping. The Japanese aim of acquiring one province after another in the North is to conquer the whole of North China and to gradually remove the Manchukuo capital back to Peking.

We are reliably informed that according to the Japanese plan of conquest, Japan would first put Henry Pu Yi on the throne. As soon as Japan is in control of North China, the capital of Manchukuo would be removed to Peking (now Peiping). After that the name Manchukuo, according to our information, would be changed into the "Hou Tsing Dynasty" (後清) or Second Tsing Dynasty. The Three North-Eastern Provinces (Manchuria) would be definitely incorporated into the Japanese empire. The Japanese capital would be removed from Tokyo to Mukden—while the territory south of the Great Wall and that "within" Shanhaikwan would be the dominion of the newly created Hou Tsing Empire.

Our information is certainly correct, for a 11-year resident of Harbin who just returned to Shanghai, when interviewed by the writer said that according to a Japanese drawing, the map of the present Manchukuo would embrace Outer and Inner Mongolia, Jehol, Charhar, Hopei and even coming down to Shantung. That is to say, Japan would annex Manchuria, but would create a puppet state or a "buffer state" between China and Japan for a certain period.

That the Japanese have long been thinking to remove their capital to some other non-volcanic place is also correct. Japan is always afraid that the earthquake of 1923 might re-occur.

The Japanese Manchurian Policy

This old Manchurian resident, who is generally regarded as a keen observer of current events, then went on to tell us about the Japanese Manchurian policy, the Chinese blunders, Japanese actions in Manchuria, Japanese treatment of the Chinese in Manchurian, etc., with a view to crystallizing and predicting what would be the probable action of the invaders in the near future. He said that the Japanese original policy was positive in the way of "peaceful economic penetration," special attention being paid to the colonization of the Japanese people; investment of Japanese capital in Manchurian industries; leasing more lands from the Chinese,and encouraging the Chinese to be naturalized as Japanese citizens and through the mixed marriages. But the Sino-Russian hostilities on Manchuli in 1930 caused the Japanese to think that the Chinese might take the same action with regard the S.M.R. The construction of Hulutao into a modern harbor together with other constructive projects in comtemplation convinced the Japanese that the Chinese were rather vigorous in developing Manchuria, so Japan changed her policy from peaceful economic penetration into "positive policy." Long before September 18, 1931, he emphasized, Japan already went

on with militwry preparations in places along the S.M.R. and Changchun. "But When Japan first started the offensive and occupied Mukden during the fatal night of September 18," said he, "Japan's original intention was only for a trial." They thought the Chinese would put up some sort of resistance. It was entirely out of their expectation that the Chinese authorities would adopt a "non-resistance policy." Such policy gave the Japanese great joy and encouraged them to be more aggressive and more decisive and proceed to take the whole of Manchuria.

Chinese Blunders

The Chinese committed three great blunders in Manchuria according to the opinion of the old Manchurian resident. Due to the non-resistance policy, the Chinese gave up Mukden to Japan. Why did not the Chinese authorities blow up all heavy ammunitions which were then deposited in the Mukden arsenal?" he asked. The invaders were at once in possession of huge ammunition supplies and used the weapons in their fight against the Chinese. When the Japanese opened their offensive in Chinchow, the Chinese should either have put up stiff resistance or should have accepted the proposal of demilitarization or neutralization of the Chinchow zone. That the Chinese took neither these alternatives but adopted the non-resistance policy great blunder which paved the way for further Japanese invasion.

The Japanese attacked Harbin; the bitter struggle took place in Shiun-Chen-Po 雙城波 Railway Station. The Chinese were victorious at the beginning. One Russian gentleman who was in Harbin throughout the whole warfare told this old Manchurian resident that during the Sino-Russian hostilities, the Chinese authorities at once interned all the Russians to one place to prevent them from sending out communications to the enemy. "Why did not the Chinese take the same step with regard to the Japanese in the Sino-Japanese hostilities?" asked the Russian gentleman. When the Chinese were victorious, the Japanese residents in Harbin became nervous. The Chinese should, in accordance with the usual practice in time of warfare, have interned all the Japanese subjects to one place and exercised strict supervision over their activities. But this was not done. The Japanese subjects were permitted to stand on the roof gardens to play their signals to show the coming Japanese bombers where the Chinese were concentrated and where they were not. That gave a great advantage to the invaders to attack the weak position of the Chinese forces. Further, it is strange to relate that the Japanese subjects were also allowed to put up barricades and sandbags, etc., in Harbin "within the Chinese defence city." With these great blunders committed, Japan was convinced that China could not put up any effective resistance, so the Islanders since then have become more bold and aggressive in their military actions.

Development of Manchuria Under Japanese Control

Questioned as to the development of Manchuria under the Japanese control, the old Manchurian resident told practically the same thing in regard to the railway construction, as was reported by *Reuter* from Tokyo dated January 8. According to the Tanaka Memorial, it was suggested to build the Tungliao-Jehol Railway; Suolun-Taonan Railway; Changchun-Taonan Railway; Kirin-Hueining Railway. A glance at the map of Manchukuo, he said, would show that part of Tanaka's railway construction scheme in Manchuria has already been put into effect, principally to facilitate easy transport of Japanese forces to the interior of Manchuria.

The Japanese had already built more than a dozen shallow-draft gunboats navegable in river water, solely for war purposes with the Russians. The first natural resources to be developed are coal and petroleum; for the Japanese want to be self-sufficient, and independent from the Russian supplies. The study of the Koumintang principles and China history has been substituted by the study of Japanese principles. The text books used in school must be approved by the Japanese authorities. "Japan wants to ruin the Chinese race, politically, economically and culturally," said he.

Treatment of the Chinese in Manchuria

Questioned as to the present conditions of the Chinese in Manchuria, he said that the conditions differ with different classes of the Chinese. The so called "running dogs" of the Japanese are well treated. The so called "high staffs" of the foreign companies receive "courteous" treatment. But the demand for registration and search is very annoying. With exception of these two classes of people, the rest are under the constant oppression and ill-treatment, by the Japanese Koreans, and the Japanese "running dogs." The Japanese often asked the Chinese on the street what is their nationality. If the answer is "Chinese," they would receive a quick and heavy blow on their ears.

So from what we have observed, we can come to the following conclusions:—

1. What Japan is doing today in Manchuria and North China is to carry out the elaborate program of conquest of China laid down by General Tanaka. So the Japanese action is systematic and organized.

2. Through the blunders which were committed by the Chinese, and further through their weaknesses which were glaringly shown to the world, Japan is now determined, not only to take away Manchuria from China, but also the whole of North China, to form what they call the "Union between Manchu and Mongolians," the restoration of Monarchy and the establishment of the capital in Peiping (Peking), and the establishment of a "buffer state" between China and Japan.

3. The present Japanese drive on Charhar is one step nearer to the Japanese goal. So the old Manchurian resident well put it when he said that "the Japanese are by no means satisfied by the acquisition of Manchuria. Their policy is to effect the 'Manchu-Mongolian Cooperation" and "Manchu-Mongolians joining hands." If Japan is in control of Charhar, direct and constant contact with the Mongolians will be possible. In view of the fact that these Mongolians are mostly ignorant and conservative people who know only the Manchu Dynasty, and who could easily be moved or converted by one or two words from the professional propagandists and agitators, and further, in consideration of the long historical and traditional relationship between these two people (Manchu and Mongolians), there is a great possibility for Japan to push through her policy. Will Nanking wake up and take steps to cope with this critical situation before it is too late?

Nanking, January 21, 1934.

President Roosevelt Endorses Building of U.S. Navy to Treaty Limit

The United States can no longer be an example of disarmament to the rest of the world, President Roosevelt declared Jan. 22 when questioned concerning the Vinson Bill, which calls for the construction of 120 new warships costing $616,250,000. He said that the bill had his unqualified approval. He indicated that the chief reason why the White House favored a navy limited by treaty was the belief that Japan would insist on a fleet as large as the United States or Britain when the present treaty expired in 1936.

Roosevelt Will Review U. S. Fleet May 31

President Roosevelt will review the United States Navy fleet at New York on May 31. The fleet will remain at New York until June 17 when it will go to the Caribbean Sea for maneuvers that are to be held there between September 17 and September 23. The fleet will leave San Diego, California, on April 9 for New York City where it will immediately start assembling for the review, which will take place on the Hudson River. President Roosevelt is determined to make the U. S. Navy second to none in the world. It is recalled that he was Assistant Secretary of the Navy in President Wilson's Cabinet. South China and Yangtze River patrols, as well as other units of the American Asiatic fleet in Chinese and Philippine waters, will not be ordered to take part in the review on account of being on active duty in foreign waters. The fleet will in due course return to the Pacific.

Time Limit for Gold Surrender Extended

Henry Morgenthau, Secretary of the Treasury, Jan. 18 ordered an indefinite extension of the time-limit for the surrender of gold to the Treasury.

Senators Glass, McAdoo and Gore, during the examination of the monetary bill by the banking and currency committee of the Senate Jan. 17 told Henry Morgenthau, secretary of the treasury, that seizure of the Federal Reserve's gold was unconstitutional and confiscatory.

President Roosevelt's monetary bill providing for devaluation of the dollar and the creation of a stabilization fund was passed by the House of Representatives Jan. 20, after three unsuccessful attempts were made to amend it. In similar circumstance in past years a bill of such importance would have been debated for weeks. This was passed in one day, thus demonstrating the hold that the President has on Congress.

Discrimination Against Soviets at an End

President Roosevelt Jan. 18 issued a proclamation discontinuing discriminatory duties and imposts levied on Soviet ships touching United States ports. The proclamation officially opens trade relations between the two countries, following resumption of diplomatic relations, and is the first definite step of the Administration to increase American-Soviet Commerce. Already large orders for heavy industry and processing machines, chemical equipment, precision instruments, tools, technical appliances and a wide range of factory equipment have been received by American firms. Large quantities of furs, casings, manganese, pulpwood, iron ore and other materials are expected to start flowing into American ports from Russia as a result of the President's proclamation.

Five Japanese Arrested for Taking Photographs

Five Japanese were arrested Jan. 17 at Kearny, New Jersey, where they were found photographing bridges. The were released after several hours' questioning upon the intervention of the Japanese Vice-Consul. The immigration authorities are investigating the question of the legality of their entry into the United States.

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"Awake to True Nippon Spirit" Movement Now Looms Big

(By the Review's Tokyo Correspondent)

(Translations from various Japanese publications)

TOWARD the close of the year 1933 one of the most sensational incidents worthy not only of national but also international attention was the decisive step taken by Yosuke Matsuoka. In accordance with his conviction, Yosuke Matsuoka, Japan's chief delegate to the last Assembly of the League of Nations, formally submitted on December 8, his resignation from the Seiyukai Party. Later, he began proceedings for the renunciation of his seat in the House of Representatives and succeeded in securing the approval of the House of Representatives at its plenary session of December 28.

It is a fact that his activities at the League Assembly still remain deeply impressed upon the minds of the people; political and other periodicals have been vying with one another in getting his writings and when successful in securing them they generally give prominence to them in their publications. Since he made public his resignation from party affiliations, keener attention of the public has been directed toward him and when soon afterwards he determined to quit the membership of the Diet the public interest and concern became still deeper.

On December 17, his first speech since withdrawing from the Seiyukai Party was made at the Nippon Young Men's Hall of Tokyo, concerning which the *Tokyo Nichi Nichi* reports in its December 18, issue as the follows: "Yosuke Matsuoka, who throwing the bomb of 'dissolve political parties' withdrew from the Seiyukai Party, delivered his maiden speech since washing his hands of the party at the Nippon Young Men's Hall, Tokyo, on December 17. Before the meeting was opened at 1 p.m. the hall was packed with the audience of ten thousand, nearly three or four thousand being locked out. Those out who attempted to force their way inside by climbing up the wall of the hall were restrained by the police. At 1 p.m. sharp Matsuoka made his appearance on the rostrum, when from among the wildly enthusiastic audience cries were heard such as "President Matsuoka" or 'Matsuoka Senshon.' Before making the speech, Mr. Matsuoka said, 'It is good to uphold the principle of parliamentarian, but I want to base it perfectly on the principle of Emperor first. This is why I insist on the uselessness of political parties'." The *Tokyo Nichi Nichi* stated in its December 25 issue in the following vein: "Yosuke Matsuoka made his first appeal for the dissolution of the political parties in Osaka at the meeting held under the auspices of the *Osaka Mainichi* at the Central Public Hall, Osaka. The hall was literally packed with people as early as 10 a.m. three hours before the meeting was opened. At the entrance to the hall members of the Society for Supporting Matsuoka, each tucking up his kimono sleeves with a whilt cord, busily engaged in distributing bandbills on the dissolution of political parties. At 1 p.m. Mr. Kaneko, chief of the Political Department of the *Osaka Mainichi* delivered an opening address followed by three cheers of Banzai by the audience for the Emperor, Empress and the Crown Prince. Mr. Matsuoka made his appearance on the rostrum amidst the thunder of applause." (His address is given elsewhere).

His activities cover not only the domestic affairs of political parties but all the national activities in present-day Japan, and it may be for this reason that publications in countries abroad are said to be desirous of securing his writings (cf. advertisement on page 1 of the *Tokyo Asahi's* December 29 issue).

Readers' attention should be drawn to the fact that the direct cause for Matsuoka's sudden rise to call to the general masses may be traced to corrupt party politics, but the basic cause is, as is clear from his writings, his having enlightened himself upon the necessity for seriously embarking upon the campaign of restoring true Nippon spirit to the stray minds of the people. As is insisted on by some of the writers, the national movement to recover Nippon spirit was started following the outbreak of the Manchurian Incident, but it has recently made a phenomenal development and now covers all country, as may be judged from the articles written by noted Japanese politicians and generals versions of which are given below. Among the writers Baron Hiranuma and Prince Tokugawa have often been mentioned as possible successors to Premier Saito. Among these authors the scribe attempted to depict Matsuoka as closely as possible in view of the fact that his further activities are watched with keen interest by general masses; according to the January 8 issue of the *Tokyo Nichi Nichi* he is going to start his speech campaign all over the Kansai District on January 11.

Matsuoka Quits the Seiyukai

(By Ikusaburo Kiyado, Seikai Orai, Jan.)

Mr. Matsuoka has at last quit the party. Several rumor concerning his step seem to prevail, but as for me I feel I can look upon the affair in a calm frame of mind. His withdrawal this time gives me an idea that he has gone where he was destined to settle himself, for ever since he returned home from Geneva his relations with the political party have grown less and less intimate. When I was him at his study upon his return from Geneva, he told me something like the following: "It is rumored that I may withdraw from the party. But I am not yet determined to quit the party. My friends are earnest in urging me to part with the political party, and I am rather perplexed. Just think that the first words of greeting offered me on my return home are an advice to quit the party!" And half in a joke he continue to remark, "Everytime I am pressed I retort with, 'Where is the party from which you advise me to withdraw? A party which has lost its guiding principle is not a party and therefore it is not proper to use the word withdraw. Is this not a splendid answer?" I found him in high spirits.

A few months afterwards I made another visit. Some change had been made in his mentality, and unkike at the time of my first interview a degree of excitement was felt while he spoke. He told me something as follows: "Since I have not yet parted company with the party I shall attend the Diet. Some of the leaders of the Seiyukai are dissatisfied with me in not calling at their headquarters recently, but before caring for such an insignificant matter they had better extinguish the fire creeping beneath their feet. Since the Manchurian Incident the phrase "lack of recognition" has become popular. Whom shall I present this phrase with?" He had a sharp tongue.

When for the third time I visited him he spoke as follows: "What in the world are the two major parties Seiyukai and Minseito, attempting to accomplish through their cooperation? Out of their coalition no healthy child will be born. Everything they contemplate to do is beyond my comprehension. They have far more basic questions to solve lying at their feet. Personally I have attachment to the good-natured President Suzuki but he is placed in quite a disadvantageous position."

When I stood up to take leave he patted me on the shoulder with, "The time seems to have come for me to withdraw."

By carefully following up his remarks and attitudes at these three interviews readers will be able to trace the changing mentality of Mr. Matsuoka, and will understand why I did not receive a shock at his parting company with the political party.

It was in the evening of the day I saw him for the third time that I found myself in a group of journalists and those connected with political parties. Matsuoka's resignation was the most fragrant topic of the evening. Following are cited a few discussions I heard exchanged:

A. "What do you think of Matsuoka's statement?"

B. "It is full of contradictions, because, when he strongly insists on upholding the partiamentary politics, he denies the existence of political parties. We are at a loss to see what he really means. As long as the parliamentary politics remain to live, new parties will necessarily be formed. How could the election be held? It may be that journalism pulls the string at his back, though I am

not sure whether he is made to dance to the journalism's orchestra band or jumping about at his own free will."

I Want 30 or 40 Young Men Who Surmount the Crisis" Says Matsuoka

(By Kanzo Tsutsumi, Asahi Weekly, Jan. 1)

On the evening of December 17 when the first speech was made by Mr. Matsuoka at the Nippon Youngmen's Hall his residence at Kojimachi was surrounded by the young men who had listened to his address. Some even offered alms at the entrance.

At about the time the doors were closed I called on him. He told me something as follows: "During the three hours' talk none interrupted me; some listend with tears in their eyes. This is a living evidence of how disgusted they are with the evil practice of the political parties. The Meiji Restoration was effected by the hands of our fathers or grandfathers at the age of twenties or thirties. When compared with the crisis at the time of the Meiji Restoration the present extraordinary time is too much infested by old men. They ought to retire to the second battle line. If only 30 or 40 young men equal to the occasion make their appearance, aged men like myself had better promptly withdraw."

Matsuoka's Address in Osaka

(Osaka Mainichi Dec. 26)

"What is the 'gravity of the situation'? There are some people who contend that the 'gravity of the situation has disappeared. But that is a preposterous mistake. The present emergency is not of such a light nature that it will simply disappear by the solution of the May 15 case."

He then elucidated the meaning of the emergency and declared that it has just begun, not only for Japan but for the whole world.

Declaring that the present crisis in Occidental civilization is due to the capitalistic-social-economic organization, Mr. Matsuoka scored capitalistic domination, though he modified his statement, saying that capitalism itself was not necessarily to blame.

"What is the result of the occidental civilization which has followed the idea of individualism, which is the core of capitalism? It is my opinion that loyalty and filial piety, which are the guiding principle of the Japanese, would be absolutely incomprehensible to the westerners of today. In the spirit of loyal and filial piety, there is no individualism such as prevails in Europe and America.

In Europe and America the sense of 'chastity' is especially thin. The chastity of the women is degraded. This has resulted in the stagnation of the present stagnation."

Then referring to a possible war in the future, he said that "the entire nation must be mobilized. There will be no discrimination between the combatants and the non-combatants. The present civilization is fast heading to this dreadful war. Will it not be civilization's suicide?"

The speaker dwelt upon the suffering today. "Humanity is now making a frantic struggle to find a way out of this suffering. In the case of Japan, besides the universal anguish, the nation is groaning under the pressure of various problems connected with the fast increasing population. The fact that the nation does not blow up at this moment of impending explosion is because the foundation of the family system and the Japanese spirit is not destroyed.

"Today, the nation's diplomacy is in the midst of difficulties. This is the age of diplomatic emergency," he went on and attributed it to the striking competency of the Japanese race. He then explained that Japan withdrew from the League of Nations when she collided with the forces trying to bind the Japanese race to the status quo.

Until the time when the world comes to understand the growth of Japan, the emergency will last."

Finally clarifying his reason for favoring the abolition of the political parties, Mr. Matsuoka said that it was not his desire to quarrel with them.

"But party politics is what was imported from abroad and is based on the principle of domination known in foreign countries, whereas Japan is a land built up according to the relations of the family. The politics of domination, namely the imported garment of party politics, is absolutely unsuitable for Japan. Japan's politics is His Majesty's politics. Governing by numerical strength is the politics of domination. It is fundamentally wrong for the party politicians who are imbued with this concept to advocate parliamentarianism. Therefore, the dissolution of the political parties is the only salvation of those who hold nationalistic ideas within the political parties. Which is heavier, the nation or the parties?

He then stated that those who deem the dissolution of the political parties to be the negation of parliamentarism are completely wrong.

"What is the primary objective of parliamentary politics? It is an attempt to reach the fairest agreement among the members. But parliamentary politics today is a farce. It is a grave mistake to say that parliamentarianism will not function without the political parties. I don't deny parliamentary politics. All I propose is to make a radical change so that it will become fit for Japan . . .

"Unless we rediscover the true spirit of Japan in our 2,600 years of history, it will be absolutely impossible for the nation to pass the danger line in the three years ahead. For this reason, we must cast away the stained suit borrowed from the West as soon as possible. We must, therefore, dissolve the political parties at once."

Rediscovery of True Nippon Spirit

(By Yosuke Matsuka, Asahi Weekly, Jan. 1)

In Western countries the word loyalty (忠) can never be understood, whereas in Japan even school children well digest the meaning which it carries. Filial piety (孝) may be better understood by Westerners than loyalty, but this has of late been loosening its hold upon their minds.

The idea of loyalty and devotion to parents has been running through the veins of the Japanese from olden times. These two morals, being super-individualistic stand quite in opposite direction to the individualism, for they demand personal sacrifice and devotion unlike the case of individualism. It is but natural that in the national spirit of the Japanese a strong concept of loyalty and filial devotion is implanted, while it is lacking in the people in the West, because the history of Europe is a history of individualism whereas that of Japan is the history of super-individualism. The Westerners are lacking not only in the morality of loyalty and filial piety but also in that of fidelity (貞), especially of late years. Due to lack of fidelity between husband and wife the foundation of the family structure is becoming shaky. When individualism attains its full development, truthfulness, by which the members of society are assured of their safe intercourse, obscures its existence. For want of faith between sovereign and subject a republican government makes its appearance; for want of truthfulness between parent and child, the family system will be destroyed, and when fidelity between man and wife is gone the purity of home life is lost. If each individual acts in disregard of others, none can place confidence upon another and herein lies the cause of the bankruptcy of individualism. To destroy individualism means the destruction of Western civilization.

To me it appears that at the fountain-head of the sentiment of unsafety under which the whole world is buried there lies the bankruptcy of Western civilization. Although there may be different points of view, yet at the very bottom of the restlessness now reigning all over the world there is agony in the face of the downfall of Western civilization, which stands upon the pedestal of individualism. Therefore, if we attempt to solve the suffering of the present age, there is only one way and that is the reconstruction of Western civilization—from individualistic to super-individualistic, from liberty-right to sacrifice and devotion, from rivalry and conflict to cooperation and unity.

Since she is part of the world Japan is made to suffer with the rest of the world. But the nation must never look over the fact that the suffering which it receives in sympathy with the rest of the world is in direct proportion to the degree of the influence of the Western civilization upon that of the country. Thanks to her having maintained her own characteristic civilization besides copying part of the Western culture, the blow to the country is not so decisive in nature; only she has to under go an operation in the portion where the Western civilization inflicted injury, at the same time promoting her intrinsic Nippon civilization. In this way the affliction in our country can be cured sooner and easier than that in Western states. It has recently become recognized among people of the country that when the Western civilization of individualism follows the course of downfall the Japanese civilization founded on the philosophy of the worship of the Emperor retains its great merit. Until but recently there were no small number of the Japanese who hailed the Western culture and despised their own. Such a tendency was especially pronounced in intelligent classes, undoubtedly in consequence of the extension into our country of the liberalistic education of the West. We may safely assert that the more educated they are the looser is their concept of national structure and of national morality.

In all national activities we cannot but recognize the evil effect of copying the Western mode. National unrest is unavoidable within the sphere of such influence. What is most important to the Japanese people is to regain the real Japanese spirit through recognition of values in traditional Nippon civilization. By this I do not mean to call you back to the pre-historic Japan, but to grasp the true spirit of Nippon and live in it.

Bravely Advance With Traditional Nippon Spirit

(By Premier Saito, Tokyo Asahi, Jan. 1)

Since withdrawal from the League of Nations every action of our country has come to arrest keen world attention and the future path of the country's international relations is extremely thorny, while at home the remedial enterprise has been started, though the result has not yet been reaped. The chronic inactivity of the financial world has not been completely cured yet, while the unrest of the people still prevails. We have emerged from the old year of difficulties into the new year of equal difficulties. We warn the people that they courageously endure hardships under their eyes, always following the unbiased road of justice without lending years towards passing phenomena.

Is it not the duty thrown upon our shoulders to overcome the national crisis and pave a way to future glory of our country, in the traditional Nippon spirit that has come down from our forefathers? It is by no means time for us to remain idle. Let us strive as hard as we can, faithfully observing the spirit of the gracious rescript of the Emperor.

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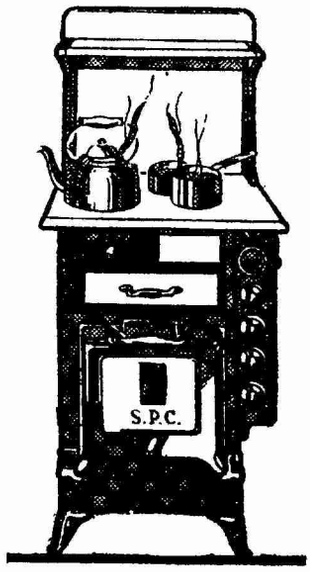

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"First Realize that You Are Japanese"

(By Gen. Sadao Araki, Gendai, Jan. 1)

To know oneself and the enemy is the secret to emerge victorious. This is a basic principle to be applied to all things; without the knowledge of your own, you can do nothing.

For the Japanese, to successfully cut open a way through the heaps of difficulties there is only one method and that is the thorough realization of their being Japanese. It is only when the Japanese become perfectly self-concious that they are Japanese, that Japan's phenomenal development can safely be expected.

We who believe in the Japanese tradition and feel the pressing power of the Nippon spirit, sincerely hope that every member of the nation, without a single exception, will awake from his nightmare and that all the people will unite in one body in order to demonstrate the way and spirit of Nippon (皇道).

Unite in One Body to Follow True Nippon Teachings

(By Lieut.-Gen. Shinji Hata, Gendai, Jan.)

From ancient times the "Providential wind" has been constantly blowing over the country. This, however, can only be realized through divine communication and none but the believers in the traditional Nippon teachings (皇道) can feel it.

It is regrettable that even among those who believe the Heavenly aid at the times of the Sino-Japanese and Russo-Japanese Wars, there are some who are unconscious of the divine help extended to the existing national difficulties.

Just look back upon the outbreak of the Manchurian Incident. If it was not the work of the Providence, what was it that prompted the outbreak? At the time it happened people were inwardly dissatisfied with the activities of the army. Their irritation has been greatly stimulated as it made an advance to north Manchuria and raided Chinchow; some even feared that the unrestrained action of the army might ruin the country. But, see how the country successfully emerged victorious and how clearly the dark clouds of apprehension have been wiped away. Everything has begun to put up its head in a fresh spirit and vigor. People's understanding of traditional Nippon teachings is now being promoted in great speed. Four or five years ago things were quite different. As striking features of the recent growth of this thought we may mention the following:

1. Recently such Chinese characters as Huang tao (皇道), Huang kuo (皇國) and Huang chun (皇軍) have become extensively used and the true spirit of our national structure is being demonstrated.

2. The left inclined people are making a turn toward the traditional Nippon teachings (皇道).

3. Among those inbued with the thought of extreme right there were some who mixed up the meaning of Royal teachings (王道) and Japan's traditional teachings (皇道) or eulogize the imported Fascist movement, but they have the tendency of gradually approaching the traditional Japanese teachings.

4. Those politicians who stood on the principle of liberalism, voiced parliamentarianism, concluded agreements in the name of the people or attempted at disregarding the Imperor's authority of supreme command, have begun to groan under the burden of their own creation. What then is Huang tao (皇道)? Such Chinese characters as Teachings of the Providence (神道) or teachings of truthfulness (誠道) are used to express the sense of Huang tao, each signifying a big whole of harmony. That is to say, Huang tao is the basic principle for creating a body of perfectly harmonized people, transcending any and every concept of partiality or rivalry. This basic principle of Huang tao can be applied to the family life, man and wife, mother and child, village, country and the whole universe. The Zen sect of Buddhism (禪宗) says "不立文字教外別傳," meaning that the extremity of the truth cannot be transferred by words, but passes directly from mind to mind. But in the case of Huang tao it is not mind but life itself that transfers the teachings. Thus Huang tao is far deeper than religion.

People in Western countries have been completely exhausted from rivalry and conflicts: rivalry between religion and science, between materialism and immaterialism, between capital and labor, etc. Europeans are not endowed with the gift of solving these questions. It is no doubt the mission of our Nippon race to solve all these questions and make them dissolve into one big whole of perfect unity and harmony which transcends the idea of rivalry; this organic whole of perfect harmony is Huang tao (皇道), which is destined to become the guiding principle for the formation of the world perfect harmony.

The Asiatic Monroe Doctrine advocated by some members of the nation is not what we should choose, for the Monroe Doctrine is originally a doctrine founded on American egoism while no shade of egoism is allowed to creep in our great mission of creating a big whole of perfect harmony first in the Far East and then in the Asiatic Continent and eventually all over the world.

If only the true spirit of Huang tao, of which the spirit of the Imperial army is made up, could be completely understood, the motive with which it moves would become clear and at the same time the peculiarities it has, in comparison with armies of other Powers, would also be understood.

We are now brought face to face with an unprecedented crisis and it is now time for us to give free movement to the traditional characteristic gift of the nation—the big whole of perfect harmony, Huang tao (皇道).

Will Hu Han-min Join the "Chiang-Wang" Combination?

BY PAUL K. WHANG (汪仲芳)

CHINA has three big political leaders in Gen. Chiang Kai-shek, Wang Ching-wei and Hu Han-min, the only three members of the Standing Committee of the Central Political Council, highest political organ of the Nanking government; but it is her tragic fate that this trio can not work together and form a triumvirate to lead the ship of state out of frequent political storms. In spite of the fact that they have all professed that they are loyal members of the Kuomintang Party and faithful followers of Dr. Sun Yat-sen, they have never been able to sink their political and personal differences, and pledge themselves to the famous saying, "One for all, and all for one." In the past few years, we have found times when two of the three worked hand in hand, but never a single occasion when all the three played different roles on the same political stage at the same time.

Right after the establishment of the Nanking government in 1927, Gen. Chiang and Mr. Hu, for one time, formed political company and ruled over the country. Being left in the cold, Mr. Wang, on different occasions, was identified with various separatist movements in an attempt to overthrow the Nanking regime, but all these separatist movements with which he was associated met with no success in face of superior military strength of the Nanking government. After the collapse of the Yen-Feng Rebellion in 1930, he had to take refuge in foreign countries.

"Chiang-Hu" Combination Had Short Life

The "Chiang-Hu" combination, however, did not last long, when they began to quarrel over the questions of convening a People's Conference and drafting a constitution. Their controversy finally culminated in Mr. Hu's resignation from all official posts and being detained by Gen. Chiang under surveillance in Nanking in February, 1931. The detention of Mr. Hu, a very unwise political move on the part of Gen. Chiang, gave an excuse to the sympathizers of the former in Canton, to set up an independent government. With the establishment of the Canton government, Mr. Wang was called back from his exile and became a leader of the separatists.

The Japanese invasion of Manchuria in September, 1931, incidentally paved the way for the rapprochement between Gen. Chiang and Mr. Wang. Right after the Manchurian affair, Nanking and Canton, through their peace delegates, talked about a united government, so that China might present a united front against the foreign enemy. In order the remove the cause which led to the establishment of the Canton government, Mr. Hu was released from custody in October, 1931. On the pretext of persuading his followerers to accept the peace terms drafted by the Nanking and Canton delegates, he went to Hongkong at the end of November, 1931, and has since remained there.

In compliance with the demand as a necessary condition to peace and unification, Gen. Chiang tendered his resignation on Dec. 15, 1931. In the meantime, the Nanking government went through a process of reorganization, and a Standing Committee of Three of the Central Political Council was created with Gen. Chiang, Mr. Wang and Mr. Hu elected as members. After much persuasion and negotiation, Gen. Chiang and Mr. Wang finally were prevailed upon to serve as the military and political leaders respectively of the new government, but Mr. Hu steadfastly turned a deaf ear to all appeals to join the new regime.

This "Chiang-Wang" combination, however, has not been without any mishaps during the past two years. In August, 1932, Mr. Wang resigned his office in order to force Mr. Chang Hsueh-liang to resign also because of his dissatisfaction with the latter's policy of non-resistance. For seven months, he stayed in Germany for the alleged reason of recuperating his poor health, and did not come back to resume his office as President of the Executive Yuan until March, 1933, just a few days prior to the departure of Mr. Chang from China.

In the meantime, Mr. Hu lived a life of retirement in Hongkong and remained defiant in his attitude toward the Nanking Government. Although he was reputed to be closely associated with the Southwest Political Council, his name was no longer on the lips of the people. The Fukien incident, however, has once again brought this near-forgotten figure into political limelights and his movements and utterances have been watched with interest. At one time, it was rumored that he had thrown his lot in with the Fukien insurgents. At another time, it was alleged that he would lead a Third government in Canton.

As a means to find a solution to the present political situation, the Nanking government has earnestly invited Mr. Hu to come to Nanking. Delegates after delegates have been sent to Hongkong to persuade Mr. Hu in person. Chang Chi with three other Nanking representatives went South last December, but came back without any success. At the end of last year, Sun Fo followed Mr. Chang to accomplish the latter's mission, but his trip was also of no avail. Dr. Lo Wen-kan is now also in Hongkong and tries to soften Mr. Hu's stubbornness. Although Mr. Sun and Dr. Lo have both denied that their trips to the South have any political significance, yet that their activities in Hongkong and Canton must have some bearing on the present political situation goes without saying.

Hu Han-min has maintained his aloofness and indifference toward the Nanking offers, and has issued a manifesto denouncing the militarists in Nanking and the party traitors in Fukien as two of the four enemies of the country, the other two being Japan and the Communists. Besides, Mr. Hu has also circulated eight proposals for an adjustment of the present crisis. It has been reported that Mr. Hu would not come to Nanking unless Gen. Chiang first tenders his resignation from the government posts. Therefore, it is doubtful if any political formula can be worked out to patch up the personal differences between Mr. Hu and Gen. Chiang. Unless they can be reconciled, it is not expected that Mr. Hu will join the Nanking governmement under any circumstances.

Uncompromising Attitude Deserves Sympathy

It is only natural that Mr. Hu, having had bitter experiences at the hands of Gen. Chiang, should turn down any offers of rapprochement with the latter. His extreme stubbornness may be a cause of complaint to those who are anxious to see his joining the Nanking regime, but his uncompromising attitude toward some of the Nanking officials deserves our sympathy. Why should he readily compromise himself with a political clique, the policies of which run counter to his ideals?

The sterling qualities of Mr. Hu have been generally praised by the public, but the practicability of his political theories are open to question. His eight proposals are one of the examples for illustration. They, as a whole, represent something which has been very much in line with the wish of the people, but it must be pointed out that some of his proposals are neither practical nor compatible with the realities of the situation. Take for instance the prohibition of the military commanders to interfere in civil administration and centralization of control of armies. These objectives can not be easily achieved under the present conditions without first overthrowing many semi-independent military leaders. Likewise, his proposal as to the abolition of miscellaneous heavy taxes can not be carried out into practice, if the military leaders maintain their semi-independent positions and ignore the government orders. At the time when the one-party rule has been under fire, his proposal that only efficient and capable persons who, at the same time, would be willing to abide by Kuomintang principles, should fill government posts will not be favorably accepted by the people. On the other hand, it only betrays his ultra-conservatism and blind faithfulness to the Party.

While we welcome Mr. Hu to join the Nanking government, we, however, should not be so simple minded as to believe that his presence in Nanking will lead to peace and unification of the country. It is true that he has wielded considerable political influence in China, but it must also be noted that political leaders are nothing more than figureheads of the militarists. The services of Mr. Hu and of other political leaders have been eagerly sought by various military leaders not because of their political experience and knowledge, but because of the fact that they can be utilized as cat's-paw for the attainment of some intended objectives,

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Therefore, even if a political combination can be effected among Gen. Chiang, Mr. Hu and Mr. Wang, the country will not be benefitted by this combination, if the military leaders still maintain their hostile attitude toward one an other.

This state of affairs has possibly deterred Mr. Hu from joining either the Nanking government or any other regime. Thus besides uttering some denunciations and making some proposals, he has been content with living in retirement in Hongkong and watching the change of political events. With his bitter lessons in memory, he, of course, refuses to play himself into the hands of the militarists once again. No political offers and friendly advice can possible induce him to leave his present retirement, unless and until he sees the time is ripe to be master of the situation without hindrance on all sides. While he may rightly decline the invitation of the Nanking government, it is hoped he will be equally firm in refusing to be associated with any separatist movements, so as to bring discredit to the good name which he has enjoyed among the Chinese populace.

Shanghai, Jan. 23, 1934.

"Heart Balm" for Japanese Dancing Girl from Grandson of Marshal Tuan Chi-jui

(*From the Japan Advertiser, Jan. 14*)

For more than a year the heart of Miss Sumiko Shimizu, 21 years old and formerly a professional dancer, was wounded and lonely, presumably. On Friday the loneliness may have remained but the wound was definitely healed by the receipt of Yen 32,000 which came, according to the *Jiji*, from Tuan Chang-shih, grandson of the former provisional chief executive of China, Marshal Tuan Chi-jui, and a member of a prominent family in Tientsin.

Following the retirement of Marshal Tuan the young Mr. Tuan, who is now 27, came to Japan to study about four years ago. Three years ago, Miss Shimizu, just out of girls' higher school, was working at a local dancehall as a taxi-dancer. Mr. Tuan used to visit the place occasionally and they met. Apparently Mr. Tuan found Japan rather a lonely place, and apparently Miss Shimizu tended toward loneliness too, for it was not long, says the newspaper, before they set up housekeeping in Omiya, Suginami, without the formality of marrying. They were happy enough until September of 1932, when Mr. Tuan went back to China. He told Miss Shimizu, that he would be gone only for a short time and that he would see that she was supplied with enough money to live comfortably. Fifteen long months elapsed and no word came from China for Miss Shimizu, so early in December last she took ship for Tientsin. Upon the arrival there she went to the Tuan home and asked for an interview, but was told by the servants that Mr. Tuan wasn't there and no one knew when he would come back.

Miss Shimizu appealed to the Japanese Consulate in Tientsin for assistance, telling her whole story. The *Jiji* reports that Kyoyo Niizaka, a member of the consular staff, was impressed by her tale of woe and undertook to act in the case. The young woman returned home on December 28 and set about waiting developments.

On Friday morning Miss Shimizu received a note from the Suginami police station telling her to call there right away. No further details were given, and she started for the police station somewhat worried because she couldn't think of any law she had been breaking. At the station the district chief handed her the biggest bundle of bank-notes she had ever seen, and along with it a receipt for 30,000 yuan, Chinese money, for her to sign in acknowledgment of all claims upon Mr. Tuan and the Tuan family. She signed, and counted the equivalent of 30,000 yuan in Japanese currency.

After Paying Japanese Loan Interest, Shantung Railway Has Little Money Left

A meeting of the Board of Directors of the Kiaochow-Tsinan Railway Administration was held in Nanking, Jan. 19 under the chairmanship of Dr. C. T. Wang, former Minister of Foreign Affairs. The question of redeeming the railway loan owing to Japan in view of the depreciation in value of Japanese currency was again discussed. Interviewed after the meeting, Ko Kwang-ting, Chairman of the Administrative Committee of the Railway, stated that although the line had offered to redeem the treasury notes, amounting to 40 million gold yen, this had not yet been done. The annual interest obligations amounts approximately to $2,400,000. Although the monthly earnings of the railway total about $1,600,000, he said, after deducting the monthly expenditure of $1,300,000 and the payment of interest to Japan, only a small surplus remained. In order to develop the railway, special efforts will be made to improve freight transportation on the line as this branch of the service represents 57 percent of the entire revenue of the railway.

The Dilemma of Ex-Marshal Chang Hsueh-liang

MARSHAL Chang Hsueh-liang has returned to China from abroad, gaining in weight but not in fame or status. Apparently it is precisely for the latter purpose that he has returned to his home land. Since his arrival in Shanghai now almost three weeks ago, the prospects of his future have become current topics of discussion and speculation. The most frequent question associated with his name is what will he do in future. Is he seriously thinking of staging a comeback in North China, where the paw of the Japanese militarists plunges deeper and where too many obstacles are in his way to be overcome? Or will he shake hands with Wang Ching-wei and happily serve under him as an Air Minister, a post to be created for him, as has been rumored for so long? Or will he accept the appointment of a Bandit-Suppression Commander from Gen. Chiang Kai-shek and fight to his last man to suppress bandits, communists and what-nots in order to demonstrate to the nation that he has abandoned his policy of non-resistance? Or still will he be content to lower his grand past to serve as Garrison Commander of rich Shanghai-Woosung Area, a post which was once created by the Government for the Fukien rebel leader, Gen. Chen Ming-shu?. Or finally, will he satisfy himself to live an ex-official's life in Shanghai and enjoy the hospitality of its residents?

These speculations are not idle, because whatever he will be and whatever he will do are bound to be of great interest to both his countrymen and the foreigners, particularly the Japanese. Marshal Chang is certainly in a dilemma and perhaps he himself is puzzled to know what best he could do with such a bleak record behind him. Three years ago, when he marched his crack divisions from his home base in Manchuria inside the Great Wall and crushed the Peiping Military Coalition, he was the "No. 2" strong man of all China. He controlled a big army, had a naval squadron, possessed perhaps the then largest air force in China and largest and most modern arsenal in Mukden. He was then a real power and his influence for weal or woe, no ambitious leaders inside the Great Wall could afford to ignore. Now, by a sudden stroke of fortune, all have been lost and in a sense, he has become a man without a "country." The recalling of the past with all its power, position and glory attendant to his high office must be heart-rending to the young Marshal and his eight months pleasure trip abroad has not only failed to wipe out the surging memories of the past, but apparently intensified his mental dejection that he has to announce to the world that he is now a private citizen.

Marshal Chang's present position can be best described by a well-known Chinese saying: "A high position is unavailable, while a low position is unacceptable" and to remain a private citizen is intolerable. So, he is in a dilemma and knows of no way out. Among the many rumors that have gained circulation recently regarding the future of Marshal Chang, that he may be appointed a bandit-suppression commander stands a good possibility of being probable. But such a position, while giving him power and title, will at the same time place him in an awkward situation. Since he is to be entrusted with the task of suppression of Chinese bandits and outlaws in the event of his acceptance of the post, naturally he has to perform his duties creditably, if he is to hold his position and retain his power. If he actually abandons his policy of non-resistance and applies himself to the task with military thoroughness, he will be immediately exposed to the attack that he indulges in massacring his fellow countrymen while refusing to lift a hand to save China's four provinces from the Japanese. On the other hand, if he slackens in his duty, the Communists and bandits may not be so sympatheitc to his condition and may create troubles for him too serious to cope with and in the end his services may have to be dispensed with. So, one way or another, he will find himself in an unpleasant "fix."

Undeniably, Marshal Chang continues to wield a great influence over the Northeastern Army in North China. In the eyes of the men and officers of that Army, he is not only their leader, but their rallying point—a symbol of identification of their common grand past and unfortunate present. For practical purposes, he is a good and perhaps the only medium between themselves and the National Government leaders, and through him, they can work for the betterment of their conditions in being paid fully and promptly. In one word, they all seem to like his leadership and would be eager to welcome him back to re-lead them, because he had been such a lenient leader as had never ordered them to fight.

Certainly, it is not altogether fair to hold Marshal Chang alone for the loss of the Three Eastern Provinces and Jehol and the present situation in North China generally, but as the highest responsible authority of Manchuria, he can not lightly divest himself of the odium that his countrymen have heaped upon him. His chief responsibility for the loss of Manchuria does not lie in his hesitation to order resistance on the very night of Sept. 18, 1931, but in his want of tact in dealing with the Japanese in normal times and in his utter lack of preparations for the emergency, the advent of which had been too long obvious to be unaware of. After Sept. 18, Marshal Chang was afforded many opportunities to redeem himself, but he permitted his chances, one and all, to slip by and watched with folded arms the Japanese expansion in Manchuria and the creation of the puppet Manchu regime. The collapse of Jehol finally brought a crisis on his career and summarily precipitated his retirement. The responsibility for the loss of Jehol is rather difficult to fix, as so many parties, such as Tang Yu-ling on the scene, the Central Government and the Volunnteer leaders, had interested themselves in its defence. To throw the entire blame on Marshal Chang is an act of injustice, but the common people who are ill-informed of the intricacies of the situation naturally hold him as the then highest authority in North China responsible for the loss.

However, whatever may be said of Marshal Chang, his youth, his inexperience, his levity in conduct, his inattendance to duties of office and his tolerance of corruption, he is unquestionably patritoic and sincere in his desire for peace and national unity. In the face of stern opposition of the Japanese, he allied himself with the Kuomintang as early as 1928 and threw his whole lot with the Nationalist Government in combating the deep-seated influence of Japanese in Manchuria. He was persistent in opposing civil wars in China and was instrumental in the unification of the country in 1930. But these merits are too light to outweigh the great calamity which he has brought on the nation and it will be a long way ahead before he can redeem himself. Therefore, the most important thing for Marshal Chang to occupy himself with is not a return to power and position, but a return to Manchuria. The latter should remain his life aim, while all transent glories of titles, power and positions will lose their magnitude when contrasted with this dominant purpose which is his and also that of all the responsible leaders and of the naton as a whole. The best serivce he can render to China is to take full advantage of his painful experiences during the past three years, the lessons he has learned during his trip abroad and his knowledge of men and affairs, to train a modern army and air force for China which will one day enable her to recover the lost provinces. It is the fundamental task of a China to be regenerated and the importance of this task is beyond all calculation when compared with the transient struggles for power and position. To accomplish this purpose, it may take the rest of his life, but he should neither be deterred by the vagueness of time nor depressed by lack of glamor and title. Among all these things that he can do to serve the country, this is prehaps the best and sure road to his own salvation and redemption. Of course in the meanwhile, he should always use his influence over the Northeastern Army on the side of peace and unity and should never permit it to be utilized by any ambitious military leaders for personal purposes.

Marshal Chang's recent statement issued to the press in China gave every evidence that he has been immensely benefitted by his trip mentally as well as physically. His comments on the international situation pertaining to China and on the importance of national unity and reconstruction are not only pertinent, but display keen observation and mature thinking, almost too precocious for his age. Sensing the advent of another world crisis, he said that the world is on the eve of another major catastrophe. The people in the West are afraid of war, but this does not prevent them from making adequate preparations for the coming conflict, which has been coming nearer and nearer to the outbreak following the failure of the London Economic Conference, the Disarmament Conference and the shake-up of the League of Nations. "The mine has been laid already. When and where it first explodes remains to be he decided by Fate," he warned. Further, he rightly lamented the existence of misapprehension in certain circles that China will be benefitted from the next war. This will never be the case, he said. Unless China starts preparing for it at once, she will be entirely at the mercy of the warring powers, when war comes. Diagnoizing the political evils in China, Marshal Chang declared in an interview with the *North-China Daily News* that too many self-seekers stand between China and unity today. It is time that they place the good of the nation before their own purposes and desires. He also regreted a tendency among the Chinese people to mistake liberty for licence and that most of the teachers in China teach only for money, while students study for diplomas, instead of seeking knowledge. As a contrast of the situation in China, he said that during his tour in Europe, he visited many institutions of learning and was poignantly impressed by the spirit of devotion of the personnel and students connected with these institutions. Finally, regarding the Japanese reports of a new Empire in Manchuria, he expressed the opinion that "there will never be a monarchy of any description in China again." Henry Pu Yi will remain "Mr."

C. H. H.

Chinese Government State Lottery

NEXT DRAWING - 2nd MARCH

Prize List

1	First Prize of		$500,000
2	Second Prizes of		100,000
4	Third	„ „	50,000
10	Fourth	„ „	10,000
50	Fifth	„ „	2,000

and over **50,000** *other prizes*

Every prize is GUARANTEED IN FULL by the Ministry of Finance irrespective of the number of tickets sold.

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Curtiss-Hawk Airplane Plant May Be Built at Hangchow

It was reliably reported during the week that a projected airplane factory to be jointly established by the Chinese government and the Curtiss-Hawks interests of the United States will be located at Hangchow near the Chien Chiao airdrome of the Aviation Administration.

According to preliminary plans, the plant will be capitalized at $3,000,000, to be borne by the American aviation concern. The construction of the factory and the manufacturing of airplanes will also be up to the Curtiss-Hawks interest, while all planes turned out from the plant will be purchased by the Chinese government. The factory will be capable of turning out at least 60 airplanes per year. Negotiations with the Curtiss-Hawks interests of the United States for the conclusion of a contract embodying the above terms are still in progress. V. K. Tseng, director of the aircraft plant at Kaochangmiao of the Ministry of Navy, is said to have been one of the officials taking charge of negotiations.

Yunnanfu-Bound Plane Released by French

The China National Aviation Corporation's Stinson land plane took off from Caobang, French Indo-China, Jan. 19 for Yunnanfu and Chungking, piloted by Captain E. M. Allison. Captain Allision arrived in Caobang Jan. 17 by train from Hanoi, where negotiations were completed with French authorities for securing the release of the plane, which was held for landing on French territory without previously applying for permission. Captain Allison, accompanied by K. L. Nyih, were forced down at Caobang by adverse weather conditions while making a survey flight for a new airline route.

The new Sikorsky amphibian plane, which was scheduled to arrive in Shanghai Jan. 20, will not arrive until Jan. 28. The new plane, which is to take the place of the ill-fated Sikorsky which crashed on East Seshan island while inaugurating the new Shanghai-Canton air route, will be set up immediately upon arrival here. It is expected that the plane will be pressed into service on the Shanghai-Canton line about a week after it arrives here.

After completing the three main lines, Shanghai-Peiping, Chingtao-Chungching and Canton-Shanghai, the Chinese National Aviation Co. has made another plan for the southwest in which the linking of Hankow, Changsu, Lungchow, Kwunming and Chungching is included. Stations in each of these cities will be established after the trial flight.

Japanese to Open Air Mail Service Between Tokyo and Manchuli

Mr. Ito, Japanese postal adviser to Manchukuo, in a recent interview in London stated that he was endeavoring to arrange a bi-weekly air service between Tokyo and Manchuli via Tsitsihar, by which mails would be carried from the Japanese capital to the western terminus of the Chinese Eastern Railway in about thirty hours. Between May and October, inclusive, there would also be regular flying between Irkutsk and Europe, but between Irkutsk and Manchuli the Soviet authorities sent mails only by train, possibly due to the mountainous nature of the country. By the use of airplanes between this gap, London would be brought within seven days of Tokyo, Mr. Ito said.

Sterling Flees from Britain; U. S. Securities Favored

The flight of sterling to the dollar and franc caused a sensation in foreign exchanges in London, Jan. 18. Leading British traders attributed the sudden flight of sterling abroad to two chief factors: firstly, the sudden switch of British financial opinion regarding the United States from deepest pessimism to the rosiest optimism, with the exception of a few reactionaries; and secondly, the dawning fears that the recent speeding up of industrial activity in Britain is perhaps just a flash in the pan and not necessarily the beginning of permanent recovery. It was learned that directors of the huge British Investment Trust made a post-survey of conditions in British heavy industries at Midland and decided immediately to switch three-fourths of the Trust's resources into United States securities and retain only one-fourth in British securities.

Chinese Agitation for Rent Reductions Gets Foreign Support

A move started by the First District Chinese Citizens' Association in the International Settlement for the decrease of house rentals, is being supported by many foreigners. Among those who are said to have pledged their support for the campaign to reduce house rentals, water, electricity and telephone charges are the local Japanese Amalgamated Street Unions, White Russian Merchants Association, Indian Association, Portuguese Residents Association and other bodies.

Outlook of the Impending War Between Soviet Russia and Japan

BY CHEN PIN-HO (陳彬龢)

(Continued from ast week)

(3) *"Joint" Undertakings* (of Japan and "Manchukuo")

The Manchuria Aviation Company
The Manchuria Telegraph & Telephone Kaisha
The Manchuria Mining Development Kaisha
The Manchuria Coal Mining Kaisha
The Manchuria Gold Mines Kaisha
The Manchuria Forest Development Kaisha
The Manchuria Electric Works
The Manchuria Pasturage Kaisha
The Manchuria Motor Transportation Kaisha
The North Manchuria Alchohol Kaisha
Others

(From Seichi Koshima's "Japan-Manchukuo Economic Control, pp. 108.)

As seen f om the preceeding tables, the undertakings in Manchuria are, in the majority, connected directly or indirectly with the supply of munitions. Many other undertakings of relative nature are also being organized.

The Mukden Arsenal Kaisha is the successor of the former Mukden Arsenal which was, prior to its capture by the Japanese on September 18, 1931, one of the largest armament works in China. It was built in 1921 and consisted of seven factories: Machine-guns, Bullets, Shells and Shrapnels, Rifles and Guns, Powder and Explosives, Equipment and Accessories, and Foundry; as well as six auxiliary establishments: Storage Magazine, Mint, Laboratory, Statistical Commission, Scientific Research Commission, and Arsenal School. Upon seizure in September 1931, the Japanese invested Yen 2,000,000 for the extension of the arsenal, and the present capacity of this establishment is much larger than before.

Further, it is also to be noted that the Japanese have recently launched a move to place all of the large undertakings in Manchuria under the direct control of the Kwantung Army—through the plan for the reorganization of the South Manchurian Railway Administration. The move is aimed at making all of the undertakings an independent branch to be placed under a special department of the Kwantung Army, to be formed by the Intelligence Department of the Army and the Economic Investigation Office of the South Manchurian Railway.

(c) *Military Preparations:*

The Japanese forces in Manchuria before the September 18 affair consisted principally of patrols of the South Manchurian Railway zone, but immediately prior to the uprising, two divisions of Japanese troops were secretly despatched to Manchuria. Thereafter, large forces have been brought to this country, and the present strength of Japanese troops in Manchuria is as follows:—

Himeji 10th Division
Utzunomiya 14th Division
Hirosaki 8th Division
Kumamoto 6th Division (a portion only)
Asahigawa 7th Division (one brigade)
Two Cavalry Brigades
Special detachments of the Tokyo 1st Division, Nagoya 3rd Division and Osaka 4th Division
Patrol forces (6 battalions) of the S.M.R.

The above units are under the direction of the Commander-in-Chief of the Kwantung Army. Owing to incessant changes, the exact distribution and location of these units are not ascertainable, but, it may be stated, they are stationed at concentration areas such as Harbin, Changchun, Mukden, Tsitsihar, Hailar, Hingan, Angangchi, Kiamusze, Heiho, Imienpo, Mishan, Hulin, Manchuli, Shihwei (Kilalin) and other strategic points in North Manchuria.

On October 20, 1933, under instructions from the Headquarters of the Kwantung Army, Commander Jusuke Hirose of the 10th Division stationed at Harbin summoned a meeting of all important military commanders of Japanese and "Manchukuo" forces in North Manchuria. The meeting was held under the auspices of Hirose; Kano, Chief of Staff of the 10th Division; H. Komatsu, Head of the Intelligence Corps; Shimamoto, Commander of the Gendarme; and Morishima, the Japanese Consul General at Harbin. Among the "Manchukuo" officials present were Yu Shen-cheng, Commander of the Patrol Forces of the Chinese Eastern Railway; Shang Chi, Chief of Staff; Li Wen-ping, Commander of the Kirin 2nd Cavalry Brigade; and Ching Yung-kwei, Chief of the Harbin Police Department. To all outward appearances, this meeting was to discuss the ways and means for maintenance of peace and order in North Manchuria; and the so-called North Manchuria Peace Preservation Society was organized with Jusuke Hirose as chairman and the other leaders above-mentioned as members of committee. As a matter of fact, however, this organization was formed for the purpose of Military preparations in North Manchuria connected with the impending Soviet-Japanese war.

In addition, the Japanese have ordered large forces of "Manchukuo" troops to station along the Chinese Eastern Railway. In this regard, it is to be noted that these troops will be of little value in the event of war between Japan and the Soviet Union, since their loyalty is an exceedingly uncertain asset.

Aside from all of the Japanese military preparations in Manchuria, the Japanese government has adopted a plan of sending "militia immigrants" to Manchuria. These immigrants are largely members of the "Zaigo" (ex-service men's association). They are despatched by the Japanese government only after passing rigid examinations. They are, further, not allowed to bring their families. Upon arrival in Manchuria, they are ordered to engage in reclamation projects and simultaneously to receive special military training. In fact, therefore, these immigrants are virtually military units. The first group of about 500 men arrived in Manchuria last year (1932) and large numbers are being sent from time to time. The Yungfeng-Kiamusze area in the lower Sungari valley has been designated for the purpose of accommodating these militia. As this region is an important strategic position, it is very likely that these men will be organized as the vanguards of the Japanese forces when war breaks out between Japan and the Soviet Union.

***

From the foregoing account of troop dispositions and military arrangements of the Soviet Union and Japan in and around Manchuria, any close observer will find that the latter's position is comparatively weak. S. Hirata, a well-known Japanese military critic, declared in his article, entitled "1936 War Strategy," appearing in the November number of the "Kaizo," to the effect that: "Generally speaking, it is difficult for us to view the Japanese military situation in the ensuing war with an encouraging outlook. The inadequate strength of the Japanese Army will seriously curtail military operations during the early period of the war. If this situation remains until 1936, the Red Army, by virtue of the advantageous Soviet positions surrounding the area of "Manchukuo, will be able to effect a menacing flank movement upon the Japanese forces."

6. POSSIBLE OUTCOME OF IMPENDING WAR—FROM STANDPOINT OF NATIONAL RESOURCES

(a) *Comparison of National Military Strength:*

Naturally, the eventual outcome of the impending war between Japan and the U.S.S.R. will not be decided merely by the strength of the opposing forces at the front. Modern facilities of communication and transportation and intricate economic organization have belittled the factor of actual fighting in the battlefield; and the fate of war, nowadays, depends more closely upon the physical resources—man and material powers—of the countries involved.

The following comparison of strengths of the entire armies of Japan and the Soviet Union may be interesting.

Status of Japan's Military Strength (Standing Army)

(From the *Jiji Year Book*, 1933-34, pp. 151)

Infantry	70 regiments & 6 battalions, (730 companies)
Cavalry	25 regiments (70 companies)
Artillery:	
Field	15 regiments (90 companies)
Carbineer	1 battalion (2 companies)
Mountain	4 regiments & 1 battalion (22 companies)
Heavy field	8 regiments (44 companies)
Heavy	3 regiments & 8 battalions (34 companies)
Anti-aircraft	1 regiment (4 companies)
Engineers	17 battalions (48 companies)
Railway service	2 regiments (16 companies)
Telegraph service	2 regiments (16 companies)
Tank units	1 battalion
Transport service	15 battalion (30 companies)
Air squadrons	8 regiments (11 companies of observation; 11 companies of combating; and 4 companies of bombing, together with about 800 airplanes)
Balloon Corps	1 regiment
Total of men	230,000 (1932 figures)

In addition, Japan claims about three million men in "Zaigo," or ex-service men's association, as reserves, according to the "Encyclopedia of National Defence, Japanese edition of 1934, pp. 163). These men, including a large number of war veterans, have invariably received long military service. In the event of emergency, they may be easily recruited again and sent to the front.

The strength of the Japanese navy is shown in the following table:—

Status of Japan's Naval Units (1933 Figures),

(From the *Jiji Year Book*, 1933-34, pp. 144)

	Number of ships	*Tonnage*
Battleships	73	667,530
Destroyers	103	123,122
Other gunboats and submarines	103	344,966
Total	279	1,135,618

The strength of the Red Army is stated in the following table :—

Status of the Soviet Union's Red Army

(From S. Nakayama's "Threatening War between Japan and the U.S.S.R., pp. 35.)

Total strength of standing army : 1,300,000 *men :*

Cadres & territorial forces (1st line troops)	470,000	Infantry	29 divisions
Reserves	600,000	Infantry reserves	42 divisions
G.P.U.	150,000	Cavalry	12 divisions
Transport service	80,000	Inc. brig.	9 brigades

Airplanes : 1,600

Army airplanes —194 squadrons	Observation	74 squadrons
	Combat	50 ,,
	Bombing	49 ,,
	Others	21 ,,
Naval seaplanes —16 squadrons	Observation	6 ,,
	Combat	4 squadrons
	Bombing	6 ,,

Also 10 balloon corps and 2 airship corps.

Anti-aircraft artillery :

3 brigades
6 independent regiments

Tank Units :

4 regiments
5 independent battalions
4 mechanical corps (brigades)

Chemical Corps and Organizations :

6 military chemical laboratories
4 military chemical factories
1 military chemical training college
4 military chemical training short courses

Moscow Chemical Corps—3 battlions (including gas, incendiary and meteorological corps)

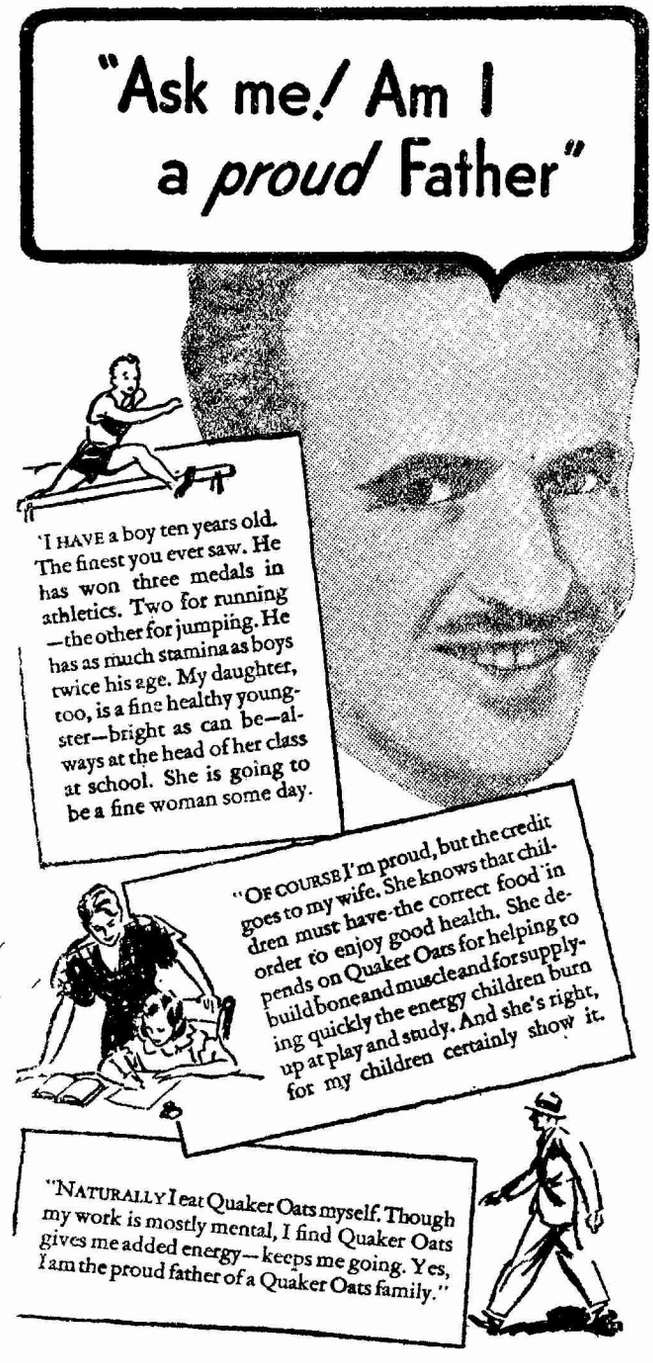
Independent chemical corps—3 battalions

According to latest reports, however, the infantry of the Red Army has been increased to 75 divisions, and cavalry to 21 divisions, totalling about 1,410,000 men (Asashi Year Book—1934, pp. 512). The number of airplanes has been increased to 2,200 and tanks, to 1,500. ("Military Magazine," article by Kawahara, November 1933). Following the September 18th (1931) uprising in Manchuria, rapid progress is made, both in quality and quantity, in the armament industry of the Soviet Union, through transfer of a portion of factories involved in the Five Year Plan into the production of modern weapons. The Soviet authorities have paid special attention to the air forces and chemical corps. In addition to the chemical corps and organizations mentioned in the foregoing, all of the infantry and cavalry regiments are accompanied by small detachments of chemical soldiers, devoting themselves to the function of "gas war." Among the citizens of the Soviet Union, an Association of Aviation and Chemical Warfare has been organized, with a total of 17,000,000 male members and 1,100,000 female members. This organization serves not only to promote popular interest in aviation and chemical warfare, but also to become the center of military training for youths of the entire country in order to consolidate the rear of the Red Army.

From the above comparison of the military strengths of the Soviet Union and Japan, it may be noted that Japan is overwhelmingly outnumbered. For example, there are 17 regular divisions with 230,000 men in the Japanese standing army, while the Soviet Union claims a strength of 96 regular divisions of infantry and cavalry with 1,410,000 men. Even to the Japanese army are added the Kwantung and "Manchukuo" forces, the difference is still startling. Further, while Japan has about 3,000,000 men in the "Zaigo" and others in Youths' organizations as reserves, the Soviet Union is probably equally placed for her tremendous reserve in man-power in the event of war because of the fact that her citizens of over 19 years of age are given regular military training and may be enlisted at any moment.

In regard to the naval units of both countries, the Soviet Union is considerably inferior to Japan—the former having only 3 battleships, 5 cruisers, 24 destroyers and 8 gunboats with a total tonnage of about 129,760. As one of the three leading naval powers of the world, Japan is proud of her large navy. However, it must also be borne in mind that since battles of the impending war will be fought principally in the mainland of Siberia and Manchuria, army and air forces will be a more important factor than navy. The use of the large Japanese navy will probably be limited to the Vladivostok sector only.

(To be Continued)


"Ask me! Am I a proud Father"
'I HAVE a boy ten years old. The finest you ever saw. He has won three medals in athletics. Two for running —the other for jumping. He has as much stamina as boys twice his age. My daughter, too, is a fine healthy youngster—bright as can be—always at the head of her class at school. She is going to be a fine woman some day.
"OF COURSE I'm proud, but the credit goes to my wife. She knows that children must have the correct food in order to enjoy good health. She depends on Quaker Oats for helping to build bone and muscle and for supplying the energy children burn up at play and study. And she's right, for my children certainly show it.
"NATURALLY I eat Quaker Oats myself. Though my work is mostly mental, I find Quaker Oats gives me added energy—keeps me going. Yes, I am the proud father of a Quaker Oats family."

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D-6

"Japan Does Not Face Crisis in Foreign Relations in '35"

BY TOKUZO AOKI

Former Chief of the Taxation Bureau of the Japanese Department of Finance

I refuse to accept the assertion that Japan is destined to be faced with a critical situation externally in 1933-36, but am of the belie. that there exists internally numerous factors of a serious characterf Of these, the matter which demands the most profound consideration is that concerning the financial integrity of the nation. I mean to say that the country is liable to be wrecked financially in 1935-36 unless some readjustments be effected beforehand.

Under the budget plan for the fiscal year of 1934-35, the volume of new bond issues to cover the fiscal deficits is set at a little over Yen 606,000,000, which represents a slight reduction in comparison with Yen 59,000,000 for the fiscal year of 1933-34. With the amount of special bonds such as rice purchase bonds and the kindred issues added to the foregoing amount, the total new government borrowings for 1934-35 would exceed the level of Yen 900,000,000. I am also of the view that the government will have to issue new bonds of more than Yen 800,000,000 in 1935-36 to make good the probable budgetary deficits for the year.

Huge Deficits Seen

No precise figures are available for deficits in revenue receipts of the general accounts for the fiscal year of 1935-36 nor for the amount of new bond issues for the same fiscal year, but indications are that the deficits will be over Yen 500,000,000. It would be possible to reduce this deficit to an appreciable extent should the government courageously effect an upward revision in taxation, but party politicians appear strongly determined not to touch the question in fear of angering the capitalists, while the latter are strongly opposed to such a proposition, which would cause a shrinkage of their earnings. In the circumstances it is hardly possible to expect the State budget to be equi-balanced in the near future.

Under the budget plan for the fiscal year of 1934-35 receipts from taxation show a gain of a little over Yen 83,220,000 in comparison with the preceding year, indicating also more or less increase in all tax items except capital interest tax. Even assuming that this rate of increase in tax receipts will be maintained for the fiscal year of 1935-36, the total amount of revenue from taxation for the same year will not be more than Yen 900,000,000. It is, therefore, indisputable that the Treasury will not be in a position to rely on a natural increase in revenue for equibalancing the budget for the same year.

On the other hand, no reduction can be expected in the amount of the treasury expenditure for the fiscal year of 1935-36 in view o the substantial amount of military and naval expenses fixed for the same year. When the 1934-35 budget was compiled by the Finance Department authorities, it was so decided that Yen 75,240,000 will be appropriated for the Army, while the total amount of Yen 431,-688,000 was allotted for the naval works to be spread over four years following the fiscal year of 1934-35.

Apprehension Unwarranted

No apprehension is warranted regarding a budgetary deficit for a year or two, but it will be nothing but a national crisis should the State finances be destined to remain unbalanced permanently without any sound revenue resources. I do not mean to say, however, that the financial crisis will not come until 1935-36. In fact, there are ample indications of the crisis at present.

In spite of this approaching financial crisis a majority of the nation is quite indifferent to the question. Even in financial circles there are some who are bold enough to declare that no worry is necessary regarding the expanding government debts, and that the growth of State bonds represents an expansion of the national wealth, while others advocate aggressive inflation by means of the government's borrowing policy. I worry over the indifferent attitude of a large majority of the nation toward the situation far more than I worry over the fiscal position of the Government which seems destined to suffer from external deficit.

Inflation in its earlier stage is usually welcomed by the people in general, for the process gives an impression that it brings about an industrial and business boom. Evil effect of the process will, however, soon commence to make themselves felt. I would not attempt to cite the extreme case of inflation which raged in Germany in the post-war period. Destructive effect of inflation is clearly discernible in the fact that the government authorities of France, Italy and Belgium, where only a moderate inflation was effected after the Great War, are still extremely in fear of inflation. And I would prophesy that evil repercussions of the prevailing inflationary tendency will begin to be felt seriously probably from 1935-36.

Through the inflation policy this countty attained success in lowering the international exchange value of the yen, and in expanding foreign trade within the past two years. Recently, however, the movement has become rife in Great Britain and several other countries against "Japanese competition." In England, even first-ate statesmen are now insisting that Japanese goods should be driven out of the British markets, although we know of no one in England advocating a war against Japan on account of the Manchurian affair. This tendency abroad may be intensified in 1935-36 unless some remedial measures are adopted.

One of the main aims of inflation, namely, commodity price boosting, has not as yet been accomplished, but this aim will be realized by 1935-36. However, it is a fallacy to believe that all classes of the nation will receive benefits from the inflated currency. It must be pointed out that it will be capitalists and industrial barons who will get profits from an expansion of currency in circulation. In some cases factory workers may be benefited by inflation, while on the other hand farm laborers will possibly enjoy a certain amount of prosperity, but the people of the middle class, which constitute the backbone of the Empire, will be forced into a financial critical position. Such time will very probably arrive around the year 1935-36.

I do not believe that there will be a war with the United States or Soviet Russia in 1935-36, but fear that the nation will have to face a financial crisis. It is my belief that we should carry out effective readjustment in the public finances, while on the other hand adopting trade policies based upon the principle of international cooperation, in order to avert the crisis. Not excessive inflation but sound financialy policy, not war but peace, these must be the keynote of the national policies of Japan to meet the situation in 1935-6.

British Bank Defrauded Through Forgery of B.A.T. Official's Signature

Using the name of "China Leaf Tobacco Co."—which does not exist—skilful forgers last week defrauded the large British banking concern, Chartered Bank of India, Australia & China in Shanghai, of $136,688.25 by a worthless check presented Jan. 12. The check was one of the "crossed" variety and was honored on the basis of an endorsement (imitated) of a high official of the British American Tobacco Co. On January 12, this leaf tobacco company turned in to the China State Bank a check apparently signed in its favor by the British-American Tobacco Company for $136,683.25. The check was subsequently cashed at the Chartered Bank of India, Australia and China, which is one of the B.A.T.'s bankers here—according to the usual procedure, and the money was entered in the China Leaf Tobacco Company's account.

Between January 12 and Jan. 17 officials at the China State Bank noticed a steady flow of checks signed by the China Leaf Tobacco Company against its deposit, which had then grown practically overnight from a meager sum of less than $1,000, to about $137,638. Later the China State Bank was asked by the China Leaf Tobacco Company to collect still another check from the Chartered Bank of India, Australia and China. The sum this time was $188,563.20, also signed in favor of the China Leaf Tobacco Company by the B.A.T. Company. Suspicious, officials at the China State Bank at once tried to confirm the check with B.A.T officials over the telephone, but it happened that no responsible officials were available as it was then after office hours. The following morning, China State Bank officials phoned the B.A.T. again and informed them of the check, which is number 979775, while the number of the first check for $136,633,25 is 979774. It was then that the forgery was discovered.

A Russian named Ionin has been arrested and charged at the District Court in connection with the forgery.

Manchuria Plague Epidemic Now Under Control

The plague epidemic which has been raging in Manchuria since August 1, 1933, has finally subsided, according to the sanitation office of the South Manchuria Railway Company. The restriction placed on the transportation of furs, hides and domestic animals has been lifted. The plague claimed 1,306 lives. The prefecture of Nangan, north of Changchun, suffered most, 490 natives dying. There were 259 deaths in the southern district of Hsingan province; 219 in the Paiyintala district; 148 in the prefecture of Chihfeng. Seventy-two Manchurian villages were burned down to keep the plague from spreading further.

Portugal and China Both Make Claim to Huangching Island

Fresh trouble between the Chinese and Portuguese governments is reported from Huangching, an island in the Chungshan district, where Canton press reports allege that Portuguese naval forces landed on January 14 to interfere with the action of the Chinese authorities in arresting some Chinese culprits. The Portuguese insist that the island, which borders Macao, is Portuguese territory, despite Chinese protests.

Chinese Post Office Carried More Mail, But Shows Deficit

The Report of the Chinese Post Office for the twentieth fiscal year, July 1, 1931 to June 30, 1932, shows that the total number of articles of mail matter posted for transmission and local delivery during the year is estimated at 837 millions, including 3,740,500 articles of mail matter transmitted by aerial services, being 41 millions more than for the preceding year. This growth was shared by ordinary and express delivery articles, which increased approximately by 39.3 and 1.3 millions, respectively. Registered articles showed a slight increase, while insured letters dropped from 103,000 to 78,600 with a corresponding decrease in the amount of value insured. The report covers the period including the Mukden incident (Sept. 18, 1931) as a result of which and subsequent events all Chinese post offices in the Three Eastern provinces were closed. This and other unfavorable circumstances caused a deficit in the year's accounts of $5,851,722.90. Decreases occurred in revenue receipts and in the amount of postal remittances and Savings Banks surplus remitted to meet expenses incurred by the Post Office in connection with remittance and savings bank transactions. A promising feature of the Chinese postal service is the continued development of aerial services.

Canton Announces Financial Scheme for Second Part of the Three-Year Plan

The Canton provincial authorities have announced important points of the financial scheme which is included in the second part of the Three-Year Plan, as follows: Reformation of the system of taxation; accurate estimation of revenue and expenditure; cancellation of all Central Bank notes including those outstanding, which will be drawn back by the Provincial Bank; expansion of enterprises which are under the control of the provincial government; abolition of gambling and opium taxes; clearance of all government bonds issued in the past; abolition of all miscellaneous taxes; more funds to be set aside for education and reconstruction; change in monetary system; continuance in disposing of public disposing of public lands; and abolition of other taxes which are similar to the business tax.

Victims of Indian Earthquake Choke Ganges River

The earthquake in India reported from Calcutta last week was of much greater dimensions than at first reported. The unofficial death roll in the provinces of Bihar and Orissa now stand at 15,000. The death toll in Monghyr alone was estimated at between 6,000 and 8,000. The Ganges River, where the greatest death and damage occured, was choked with the corpses of quake victims. Workers threw the bodies into the river for three days and nights as time could not be spared to dig sufficient graves. Receding of the floods has revealed the fact that many buildings in Muzaffarpur had sunk five feet underground when the shock came, presumably with all the occupants in them.

Germany Insists on Having an Army of 300,000

The German government replied Jan. 19 to a French aide memoire on disarmament. The German reply said Germany would not be satisfied with an army of less than 300,000. It objected to disarmament in two stages and declared that 200,000 effectives would be insufficient to ensure the safety of the Reich. The reply then expressed the desire of the German government for the question of permissible weapons to be settled simultaneously with the matter of effectives. The German government welcomed the French offer of a fifty per cent. reduction in he air force, but said the offer is valueless if Germany is not allowed to have an air force.

"Our Navy"—Japanese Book—Held Up at San Francisco

One hundred copies of a book written in Japanese entitled "Our Navy" are being held by customs authorities at San Francisco pending an O.K. from Washington to permit their entry. The book is illustrated with pictures showing Japanese and American planes fighting. The case is of a similar character to that which occurred at Honolulu several weeks ago where copies of a Japanese magazine were seized.

War Ministry Closes Arsenal in Eastern Shensi

Owing to the financial stringency, the Huayin Arsenal in eastern Shensi has been instructed by the Ministry of War to wind up its affairs. Part of the staff members of the Arsenal have been transferred to the Arsenal Administration in Nanking while the rest have been discharged with one month's salary. A custody committee will be appointed to take charge of the arsenal plant.

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T. V. Soong Make Statement on Cotton Loan

T. V. Soong, former Minister of Finance, made the following statement at Nanking Jan. 20, in connection with his trip abroad last year to attend the World Economic Conference.

The American cotton and wheat loan was concluded at the time of dire national distress when the invading Japanese army was pressing towards Tientsin and Peiping; and the national finances were in a parlous condition, government bonds having fallen to a record low level. It was precisely at that time that the loan was concluded with America, which showed the confidence and goodwill for China during the hour of her greatest need. On the announcement of the loan, government bonds soared on the Stock Exchange and there was an average advance of more than 20 per cent, so that the National Treasury became greatly strengthened.

Owing to the fact that there was a bumper crop of Chinese cotton last year, coincident with very low yarn prices, sales of loan cotton were not up to expectations. However, it is not true that, in consequence, the government has suffered severe losses in its disposals of American cotton. As a matter of established fact, no losses were incurred on such disposals as were effected. During the current year there will probably be an improvement in the sales of loan cotton.

No attempt was made to press the sale of loan wheat and flour until the Chinese wheat crop had been disposed of, so that the entry of American wheat and flour would not operate to depress domestic prices. After the domestic wheat had been marketed, we were able to dispose of the loan wheat and flour at a very rapid rate and would normally have completely sold everything within six months. However, with the imposition of an import duty on both wheat and flour, sales have come to a standstill, but Dr. Kung, the new Minister of Finance, is making arrangements with the flour mills and merchants, and it is confidently expected that the whole amount of wheat and flour may be disposed of in a very short while.

American prices of wheat and flour have been about thirty to forty per cent above world prices, but since the United States government has agreed to grant a bounty on the export of these commodities from the Pacific Coast, the cost to the Chinese government has been no higher than ten per cent above domestic prices. Since the amortization of the wheat and flour loan falls in the fourth and fifth years, the ten per cent higher price works out to less than two per cent per annum, thus bringing the total cost of the loan, including the annual interest of five per cent, to no more than seven per cent per annum.

It has been conservatively estimated that the proceeds of the loan during this year, after meeting all charges and including interest, would net about $50,000,000. The proceeds of the loan will be held at the disposal ot the National Economic Council.

Italian Boxer Indemnity

Owing to differences of opinion between the two governments, the settlement of the Italian portion of the Boxer Indemnity was held up for nearly a decade. When I visited Europe, I found an opportunity to settle the matter satisfactorily with the Italian government, and upon securing the approval of the National government through General Chiang Kai-shek and Wang Ching-wei, I was able to conclude an agreement with the Italian Finance Minister, Signor Guido Jung, on July 1, 1933, in London.

The Ministry of Finance has been enabled, by this agreement, to secure last week a loan of $44,000,000, from the Chinese banks, using the Italian Boxer Indemnity for amortization of the loan.

The members of the Standing Committee of the National Economic Council are composed of General Chiang Kai-shek, Messrs. Wang Ching-wei, Sun Fo, H. H. Kung and myself. As both General Chiang and Sun Fo were away during recent months, it had not been possible to hold any meeting of the committee, and the Council was obliged to restrict its work to those of a preparatory nature. During this Plenary Session of the Kuomintang, when all will be present, an important meeting of the Standing Committee of the N. E. C. will be held to discuss the program for the current year so that the real activities of the National Economic Council can commence.

U. S. Cotton Loan Credit to China to Be Curtailed

Substantial curtailment of the U.S.$50,000,000 wheat and cotton loan to China is now being considered by both China and the United States, owing to the apparent inability of the Chinese Government to fulfill its undertaking to purchase U.S.$10,000,000 worth of American cotton, a *United Press* message from Washington dated Jan. 22 stated. Jesse Jones, Chairman of the Reconstruction Finance Corporation, stated that up to date China had used only U.S.$7,000,000 of the credit provided for cotton purchases. He added that there was every indication that the total of Chinese cotton purchases by the time the credit expires on July 1 would be "substantially below" the U.S.$40,000,000 provided in the agreement. Mr. Jones said, however, that he believed most of the wheat credit of U.S.$10,000,000 would be used, inasmuch as the Chinese Government has been much more successful in disposing of wheat than of cotton.

Preparations Being Made to Hold Conference of Chinese Industrialists

Messrs. O. S. Lieu of the Great China Match Co., William Kuok Shun of the Wing On Textile Manufacturing Co., Y. W. Wong of the Commercial Express Co., Yih C. Chien of the Marling Food Manufacturing Co., and Yung Tsong-ching of the Sen Sing Textile Manufacturing Co., constituting a committee selected by the Ministry of Industry, held an informal meeting at the offices of the Federation of Chinese Industries, 9 Hankow Road, Shanghai, Jan. 25, to prepare the preliminary procedure for the first National Industrial Conference.

The convention of a national industrial conference was advocated two years ago by Messrs. T. V. Soong, member of the Standing Committee of the National Economic Commission, Chen Kung-po, Minister of Industry, Sun Fo, President of the Legislative Yuan, the late Dr. C. C. Wu, and several other Government officials during their discussions on the status of industries in China. On account of the continuous trouble in the north, the Government's decision to convene such a conference was not carried out. The Ministry of Industry, however, continuously requested the various provincial governments to select their representatives from among the local industries until eventually, by December last, a list of the selected members was submitted to the Ministry in which were included representatives of eighteen provinces and of four special municipal governments. The representatives numbered 93, nominated by the various provincial governments and industrial organizations. Out of the 93, 29 are local delegates. According to the Federation of Chinese Industries, the Ministry will ask each factory to send one delegate to attend the next conference. This will mean that more than 700 representatives will be present at the second industrial conference.

Y. M. C. A. National Convention Held in Shanghai

The twelfth national convention of the Y. M. C. A.s of China is being held this week at St. John's University. The opening ceremony took place on the evening of Jan. 23, when Dr. C. T. Wang, former Minister of Foreign Affairs, presided. The final meeting will be held Sunday, Jan. 28. About 200 delegates, representing both city and student associations are in attendance. Dr. Chang Po-lin, president of Nankai University, Dr. W. T. Tao, an expert in rural education, Tracy Strong of the Y.M.C.A. World's Committee, and Dr. C. Y. Cheng of the National Christian Council, were among those who made addresses.

Policies of a far-reaching character were taken up. During the past few months a number of commissions were organized to study the programs of the Y.M.C.As. in China, particularly with regard to industrial work, student work, rural work and the social program of the association movement, and the study of these recommendations was a feature of the convention. The secretaries in charge of arrangements for the convention were Daniel C. Fu, O. R. Magill and W. H. Kiang.

Flood Prevention Measures Urged on Railway Administrations

In compliance with the request of General Liu Chih, Chairman of the Honan Provincial Government, the Ministry of Railways is understood to have instructed the Tientsin-Pukow and the Lung-Hai Railway Administrations to despatch technical experts to Kaifeng, provincial capital of Honan, to cooperate with the Provincial Government in the formulation of measures for flood prevention along the Yellow River Valley.

In his telegram to the Ministry, General Liu states that on account of the dilapidated condition of the banks and dykes of the Yellow River, North China may be in danger of another flood this year if preventive measures are not taken. The two railways would, in consequence, suffer damage. General Liu urged that engineering experts be immeditately dispatched to devise measures so as to avert a recurrence of last year's disaster.

Huai River Raparian Owners Asked to Renew Licenses

The Huai River Conservancy Board Jan. 19 issued orders to the various tenants living along the waterway in Kiangsu instructing them to renew their licenses at the Board within a period of three months (January 15-March 15). Those failing to register their licenses within the specified period will have their tenancy rights cancelled. It is learnt that the various administrative and judicial authorities in Kiangsu province have also been notified to cancel all unregistered licenses.

Who's Who in China

Gen. Sun Tien-ying, Commander of 41st Army; born at Yung-cheng, Honan; started his career as a common soldier; after having served successively as a squad commander, battalion commander and regimental commander, he became Commander of 5th Mixed Brigade of 35th Division in 1924 and concurrently Defense Commissioner of southern Chihli in 1927; promoted Commander of the 12th Army of the 6th Group Army in 1928; in the same year, the Army was reorganised into the 2nd Independent Division and he remained Commander of the same; promoted Commander of the 18th Division in 1929; in 1930, transferred as Commander of the 40th Division; in Dec., same year, was promoted Commander of the 41st Army with rank of Marshal, which post he now retains; in 1933, he was given a further promotion as Commander-in-Chief of the 9th Group Army; in the Spring of 1933, he volunteered his services for the defense of Jehol against the Japanese; scarcely before he reached his defense post—Chihfeng—in Jehol, he encountered the Japanese Army and fought with it; but due to poor equipment and lack of supplies, and after the fall of Chengteh, Capital of Jehol, he was forced to withdraw his Army to eastern Charhar where it was pursued by the Japanese and battled its way in retreat; his army fought more than 20 battles with the Japanese in 26 days during its campaign in Jehol; when Dolonor and Kuyuan in Charhar finally were captured by the Japanese, he withdrew further into Charhar and after the Tangku Armistice, he was appointed Reclamation Commissioner in Chinghai (Kokonor); following the appointment, he marched his Army westward to Paotaochen in Suiyuan on way to his appointed garrison; but when his army advanced beyond the Suiyuan border, he encountered opposition from Ninghsia, Shensi and Kansu authorities; recently, his troops clashed with the Ninghsia provincial force on the Suiyuan border; address: Headquarters of 41st Army, Paotaocheng, Suiyuan.

孫魁元字殿英
Gen. Sun Tien-ying

孫魁元字殿英，河南永城縣人，初入毅軍伍，十一年任豫西鎮守使署機關槍連連長，十二年升補充營營長，十三年代理團長，是年十一月升充陸軍第三十五師第五混成旅旅長，十六年軍次大名兼冀南鎮守使，十七年六月升充第六軍團第十二軍軍長，是年十一月奉令縮編爲獨立第二旅旅長，十八年十二月升第十八師師長，二十年七月奉令委爲陸軍第四十師師長，是年十一月委升爲陸軍第四十一軍軍長，二十一年八月奉軍事委員會准以上將待遇，二十二年四月，奉委升第九軍團總指揮，二十二年春，請纓援熱，行抵赤峯與日軍作遭遇戰，與敵肉搏兩晝夜，嗣以承德失陷，乃奉令退守察東，行抵圍場，敵又來追，復相戰於豐甯一帶，以孤軍轉戰千餘里，先後數十戰，歷時至二十有六日，敵始終不獲進展，方思返攻，收復熱西，卒以糧盡彈絕，而多沾又復失守，察省危急，乃不得不退守赤城，戰事協定，奉中央明令委爲青西屯墾督辦，立將所部開赴包頭，乃甫出綏郊，復因故中止，現正分駐於臨何燈口之間，靜候中央後命。

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Men and Events

Paul Dedieu, advisor to the Yunnan Government, who has been in Shanghai for the past several weeks, will depart for his home in Yunnanfu Jan. 27.

Carl Kule, commercial commissioner of the German Embassy in Japan, arrived in Dairen Jan. 22. He will tour Manchuria for a month so as to study political and industrial matters.

The arrest of a Japanese named Okabe in Dairen Jan. 15 disclosed that Japanese fishing companies have been catching fish by exploding dynamite, which was first smuggled into said port.

Miss Gertrude H. Lake of the American Legation, a resident of Peiping for the past fourteen years, passed through Shanghai this week en route to the United States. Miss Lake came to Peiping originally in 1919 as secretary to the then American Minister, Charles R. Crane.

Professor Kiang Kang-fu, member of the faculty at McGill University in Canada, was released on Jan. 19 by the Nanking military authorities following a week's detention at the military prison. Dr. Kiang was arrested on Jan. 11 on a charge of being affiliated with the Fukien Movement.

An exhibition of modern Chinese paintings was opened in the Prussian Academy of Fine Arts in Berlin Jan. 20. Liu Chung-chieh, Chinese Minister to Germany, was among those present. Dr. Solf, former Ambassador to Tokyo, made an address explaining the differences between European and Asiatic art.

Clarence Guy Haddon, a former resident of Shanghai, charged with uttering letters demanding money from King George with menaces, pleaded guilty at the Old Bailey in London Jan. 19. He was bound over for three years on his own surety of £100 and two sureties of £100 each.

General Ma Chan-shan, former chairman of Heilungkiang province, but better known for his exploits at Nonni River bridge, who has meanwhile been living in Tientsin, is planning to go abroad for an extended trip. General Ma was recently given $30,000 by the Central Government for travelling expenses.

Dr. Kan Kang-fu, a professor at the McGill University in Canada, has been released by the military authorites in Nanking following a week's detention. Dr. Kan returned to China recently on home leave, and was detained at the capital on suspicion of holding political beliefs incompatible with those of the Government.

Jack Bradley, who arrived in Shanghai over a year ago to serve as a witness in a shipping accident, was sentenced by Judge Purdy in the U. S. Court for China Jan. 22 to serve one year's imprisonment on McNeil Island, State of Washington, following conviction for being concerned in the theft of seven typewriters.

Tang Hsiang-shu, proprietor of the Teh Shun paper mill in Chapei, was shot dead by four armed men in his room in the premises at about 4 a.m. Jan. 22. The proprietor, who was also the manager of the mill, is survived by a son employed at the Commercial Press. At the time of the shooting the son was not at home.

Articles on China by both Edgar Snow, *Consolidated Press* correspondent in Peiping, and Wilbur Burton, special correspondent for the *Baltimore Sun* in Shanghai, appear in the January issue of *Current History Magazine*. Mr. Snow writes of "Weak China's Strong Man"—General Chiang Kai-shek,—and Mr. Burton deals with "French Imperialism in China."

Truman Johnson, president of the Asia Electric Co., with Mrs. Johnson and their two children, sailed in the Dollar liner *President Wilson* Jan. 20 for New York. Mr. Johnson is also vice president of the Realty Investment Co., in which he takes an active part. Mr. and Mrs. Johnson expect to be back in Shanghai by next June, visiting England and Germany in the meantime.

Representatives of the U. S. Consular and naval services, as well as members of the local Soviet community, were guests of the new Soviet Consul-General in Shanghai, I. Spilvanek, at a formal dinner party given at the Consulate-General in Whangpoo Road, Jan. 18. Among those who attended were Edwin S. Cunningham, Judge Milton D. Purdy, Capt. F. A. Braisted, of the Station Ship *Sacramento*, Paul Josselyn, Julean Arnold and O. L. Dawnon, of the U. S. Department of Agriculture.

The University of Pennsylvania Alumni Club in Shanghai held its annual election of officers January 18. Robert Fan, Shanghai architect, who was principally responsible for designing the buildings at Chicago World's Fair, was elected President. Dr. Morris was elected vice-President; H. T. Lott Wei, second vice-President; C. Yuen Yeh, secretary; and H. N. Ting, treasurer. Among the new members introduced to the Club was Mrs. J. L. E. Chow, a graduate of the University of Pennsylvania Dental School. Mrs. Chow is probably the first Chinese woman to obtain a Doctor's Degree in Dentistry at an American University.

FOREIGN MINISTER HIROTA SAYS JAPAN WANTS PEACE

(*Continued from page 332*)

The British cotton industrialsts have always been eager to have Japanese rayon interests represented at the Anglo-Japanese negotiations, and the Japanese Government has been sparing no effort to induce the Japanese interests concerned to take part. The Japan Rayon Federation, the organization of rayon producers, has, however, been stoutly opposed, but the Federation of the Japanese Rayon Exporters' Guilds, which consists of rayon exporters, has gradually weakened in its attitude.

More than a Thousand Emigrants Leave Japan for Brazil

A batch of Japanese emigrants, 1093 men, women and children, comprising 154 families, departed from Kobe Jan. 20 on board the Japanese round-the-world liner *Rio de Janeiro Maru*, for Brazil, where they will become permanent settlers.

Beer production in Japan showed an increase of 30.84 per cent during 1933 as compared with the previous year, an added production of approximately 4,000,000 gallons. Much of the exported beer went to the South Sea Islands.

⁂

Japan Develops Auto Industry to Supply Manchurian Demand

The Jidosha Kogyo Kaisha will complete an assembly plant in Koyasu, Yokohama, in March, when its capacity will be brought up from 200 to 1,000. The Jidosha Seizo Kaisha has recently been established by the Nippon Sangyo Kaisha (Kuhara interests) and the Tobata Imono Kaisha, with an authorised capital of Yen 10,000,000. A factory is now being built in Koyasu, Yokohama. Its plan is to turn out motor car parts adequate for 10,000 cars. It expects to sell these parts to motor car companies in Japan and Manchukuo, including the Ford Motor Company of Japan. The Chukyo Jidosha Kaisha has a joint undertaking with the Toyoda Loom Company and the Aichi Watch Company, at present capitalized at Yen 1,000,000. Its factory will be completed in April. With no Government subsidy, this Company will specialize in private cars, and it wants to compete with foreign companies. (The word "ji-do-sha" is Japanese for automobile, literally, self-moving-vehicle.)

General March and John V. A. MacMurray View Japanese Policy with Alarm

(*From Drew Pearson's Washington Merry-Go Round*)

Try to buy a copy of the last issue of *The Yale Review* at any Washington book store. It is almost impossible. They are scarce as legal liquor on the night of December 5. The book stores will tell you, if you press them, that every one of their *Yale Review* was purchased by the Japanese Embassy. There's a reason. The last issue contains two significant articles. One is on "Japanese Strategy in the Far East" by General Peyton March, once military observer with the Japanese army during the Russo-Japanese War. The other is on "Manchurian Diplomacy" by John V. A. MacMurray, former American Minister to China, now minister to the Baltic States. MacMurray says that Japanese policy may develop into "a grandiose imperialism which would be a menace to the world." General March diagnoses the possibilities of war between Japan and Russia and indicates that Japan would be the winner.

China Increases Tax on Oil and Gasoline

The Legislative Yuan Jan. 20 passed the proposal submitted by Dr. H. H. Kung, Finance Minister, to increase the duties on kerosene and gasoline. The new duties, together with famine relief surtax, amount to about Mex. $0.44 per gallon of gasoline and Mex. 0.37½ per gallon of kerosene. Unofficial protests by oil interests failed to have any effect on the proposed increase, which goes into effect February 1.

In bringing up the question of the advisability of import duty increases on gasoline and kerosene at the present time, oil interests argued that the point is being or has been approached at which diminishing returns in revenue to the government will result. Furthermore, it was pointed out, the poorer classes, especially those residing in interior districts where electric lighting is unknown or expensive, will be directly affected by the increase in import duty on kerosene, which has come to be regarded as a necessity almost for lighting purposes.

A return to more general use of vegetable oils resulting in a lowering of the standard of living is also seen as a possible result of the kerosene duty increase.

Anticipating the tariff rise, certain individuals and smaller business organizations are said to have commenced irregular distillations from crude oils, thus depriving the government of revenue and at the same time hurting the trade of concerns dealing in recognized, high grade brands.

Wellington Koo Points Out Menace of Jehol Opium Monopoly

Dr. Wellington Koo in a speech before the Council of the League of Nations at Geneva Jan. 20 said the recent creation in Manchuria and Jehol of an official monopoly of opium solely for profit, accompanied by organized efforts to promote its production, manufacture and use, constitutes a real danger to the welfare of the Chinese people and a possible menace to other countries. Reviewing the opium situation in China, Dr. Koo said that the monopoly in Manchuria was bound to hamper the efforts of the League in combating the drug evil. In regard to the question of the introduction of narcotics into Manchuria and Jehol, Dr. Koo declared that he would wish to support the opinion of the advisory committee that "the attention of all producing and manufacturing countries should be drawn to the necessity of supervising most strictly applications from this territory."

Opium Report Adopted Jan. 20

The Opium Report stated that the Committee has considered carefully the new situation in Manchuria, "which is also known as Manchukuo," and believes that it has given rise to a threefold danger, namely:

(1) It might aggravate the position in regard to opium and other dangerous drugs in a country where production and consumption is already excessive;

(2) There was the danger of the importation of Persian opium into a territory already saturated with drugs; and

(3) There was also the danger, which would arise not only in China but in other countries too, if the authorities did not take adequate steps to prevent the establishment of secret drug factories.

The report also mentioned that, after showing signs for some time of a falling off, there has been a sudden revival of cocaine smuggling in India. Traffickers, it stated, are using new methods, even employing private airplanes.

The Report was adopted Jan. 20.

Chinese Request Prevention of Persian Drug into Manchuria

The report of the Opium Advisory Committee of the League of Nations Jan. 17 encountered another difficulty due to the expressed desire of the Chinese delegate for an arrangement which will effectively prevent the export of Persian opium to Manchuria, while at the same time, recognition of the government of the Manchukuo is in no way implied.

Opium Tax for Hopei Province Planned

In view of the destitute financial situation of Hopei province, the provincial authorities are now contemplating the imposition of a new tax on opium known as the *Special Tax* and preparations are being made for the organization of a bureau for its collection. The Kuomintang offices, being opposed to the new levy, have telegraphed to the Government asking that such a tax should not be enforced as it would mean open encouragement of opium planting and smoking.

After the Fukien Revolt

The Ta Kung Pao, (Tientsin) comments:—We hope that both Canton and Nanking will wake up to the gravity of the Fukien situation and take advantage of the Fourth Plenary Session of the Central Kuomintang committees to devise a definite settlement. The source of much trouble in China is the lack of political achievement and the absence of a definite foreign policy. This is in turn due to the lack of co-operation between the various leaders of the Kuomintang. In the eyes of the people there is no difference between Canton and Nanking because the leaders in power there are all members of the Kuomintang. True, Nanking has failed to achieve anything notable in the field of politics, but if Canton had co-operated with it, there might he a different story to-day. There is reason to believe that the Communist situation in Kiangsi would have been settled by now had Canton co-operated with Nanking. Again, the present Fukien rebellion would not have arisen had Canton opposed it from the very beginning.

Tragic Death of Mrs. B. L. Grooch and Two Children

Mrs. B. L. Grooch and her two children, boys of 7 and 5, leaped from the top of the Washington Apartments, Shanghai, 175 feet high, on the afternoon of Jan. 19, and were instantly killed. The circumstances of the tragedy are being investigated by the U. S. authorities. Her husband, B. L. Grooch, is acting operations manager of the Canton-Shanghai air service. Mrs. Grooch, who arrived in Shanghai only about a month ago was scheduled to return to San Francisco on a boat leaving Shanghai a few hours after the tragedy. A ticket had been reserved for her, but not for her two children.

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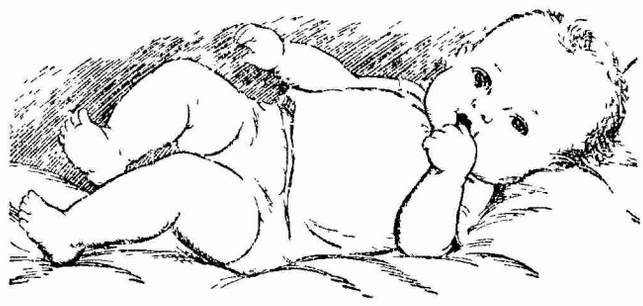

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Price 20 cents

These booklets are reprints of articles originally published in **The Review.** They are interesting contributions on recent tendencies and developments in Far Eastern Diplomacy and are well worth reading. Send orders to the undersigned:

THE CHINA WEEKLY REVIEW

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New Books of Interest in the Far East

A Pro-Japanese American Looks at Manchukuo

Manchukuo: A Bird's Eye View, by Dr. James A. B. Scherer. The Hokuseido Press, Tokyo, August, 1933.

When the great Nippon rape of China caused the censure of the whole world, Japanese militarists and fascists felt the urgent need of propaganda to offset, if that were possible, the "selfish" remarks made by many people who visited the new "independent" state. So along with the "good-will" expeditions organized by the militarists, such as the Boy-Scout Tour, the trip of the Tokyo Indians Pratap and Naire, the exploitation of the American George Bronson Rea and the Englishmen A.H.F. Edwardes, and other probably well paid gestures, comes this new addition to pro-Japanese spokesmen, with a bird's eye view" of Manchukuo. The "bird" is the American Dr. James A. B. Scherer, formerly President of California Institute of Technology, oft-time apologist for the Japapese' miltarists. Dr. Scherer visited Manchukuo with the hlep of Japanese airplanes, Japanese fanfare, a Japanese provided American bill-of-fare, the South Manchuria Railway, and the Yamato Hotels, most of which convenicnces are graciously offered to any journialst who is willing to praise the Japanese and their new puppet state. With this background, it is not surprising that the author wastes so much additional space describing, as did Pratap and Naire, the delicious food provided for him by his "genial Japanese hosts," by these same militarists who stuffed the Boy Scouts with good food and pro-Japanese sentiments. This playing upon the stomach trick, however, didn't work so well with Lord Lytton and his associates, much to the chagrin of their "genial Japanese hosts."

In return for their cordiality to Dr. Scherer comes this "bird's eye view," published by a Japanese press, and approved by Japanese censorship, and no doubt when the manuscript was completed, the Araki and Muto clique found out that besides being able to write English, this American had put one over on them by writing much better propaganda then they could produce themselves. Delighted, they printed the book and ran it serially in the newspapers in an attempt to convince their people, and other stubbornly credulous people, that the expansion of *bushido* towards China was really a good thing, and the killing of a few hundred thousand Chinese, to say nothing of their own troops, was of no consequence in the all-important job of creating a new state.

Let us examine Dr. Scherer's remarkable justification of Japanese militarism. He uses the usual line handed out by the militarists themselves, embellishing them with insignificant references and generalizations. He comments upon the "truthfulness" of the opportunist George Sokolsky and meek Owen Lattimore, both of whom condone Japanese imperialism. He takes Sherwood Eddy to task for mistakes in fact of the latter's book—and then admits that the mistakes are not important, and are probably printing errors. But dealing with the meat of Eddy's book, where Eddy says "Japan must face the terrible responsibility of being the cause or occasion of the break-up of China and the forming of a large Communist state in the heart of the Far East," Dr. Scherer meekly states: "Are not the causes of the break-up of China too cosmic to be bundled at Japan's little door?" (We cannot deal with Mr. Eddy's book here; the Chinese students to whom Mr. Eddy lectured have done so far better than any reviewer.) "Japan's little door! Cosmic causes!" Elsewhere Dr. Scherer continues: "Is it any wonder that Chinese communism is a Japanese nightmare? In building up an orderly State (sic! A.B.) between it and the Soviet Colossus of the North, may Japan not be rendering a service not only to herself, but to the world?" Well, this is interesting. He admits that in seizing Manchuria, Japan has "rendered a service to herself." Granted. Else why should she have taken the trouble? But as to communism, what nonsense Dr. Scherer writes. Japan's house-cleaning of communists should start at home. And has Japan's "orderly" state stamped out Chinese communism?

A cursory investigation of the Japanese invasion of Manchuria shows definitely that Japan has done more to help the communist movement than to destroy it. She has, by her imperialist blundering, created a strong revolutionary party at home, in Korea, in Formosa. In Manchuria she has done likewise, and for the same reason. In the December 17, 1932 issue of this magazine, a correspondent from Harbin writes that ". . . . . It is not surprising that the population (of Manchukuo) . . . . . becomes Bolshevik. The proximity of the Soviet Union . . . . . the exposure of the true nature of Manchukuo . . . . all work towards the converting of Manchuria into a ready soil for all sorts of leftist ideas. Paradoxically enough, the Bolsheviks will have to thank the Japanese for the spread of Communism in the hitherto unspared Manchuria." Despite the strict censorship of the Japanese, it is well known that many revolts of a communistic character have occured in Manchukuo. Could it be that Dr. Scherer was unaware of them when he wrote his book? Hardly. And is he unaware of the Chinese attitude about communism, as typified by the remark made by a prominent official of the Chinese government, who said: "If it comes to that point (where the Chinese people are compelled to make a decision between Japan

or the Chinese Communists . . . . . there can be no question as to their choice—the vote would be overwhelmingly in favor of the Communists because they are Chinese."

It is unnecessary to deal at length with other facile arguments in Dr. Scherer's book. For example, he dwells on the genuine independence of Manchukuo, glibly stating that "the presence of Japanese or other advisers in the Manchukuo government presents no unusual feature." (This reminds one of the statement made by a witty journalist that "from her new capital in Tokyo, Manchukuo has announced her real independence.") He tells how the bandits are growing beans now, instead of bullets, and one of his "genial Japanese friends" made a pretty little poem of it which Dr. Scherer has reproduced in his book! How sweet. He mentions the familiar Japanese charge that China repeals civilization and foreigners. He states that "If anything can save China, Manchukuo will," and "Mongols in Jehol welcomed its inclusion in the new State of Manchukuo, and the few scattered throughout the three other provinces *seem* equally loyal to the new regime." Speaking of Korea, he mentions that despite the "efficiency of Japan as a civilization builder," for some very strange reason "the independence movement has not disappeared." These strange Koreans, not to love the Japanese! Then the independence question, in the light of Korea: "Much skepticism prevails abroad regarding the sincerity of Japan's intentions to build up an independent Manchukuo. What wonder, remembering Korea. While I cannot foretell the future, I am persuaded of the sincerity of some of Japan's present leaders as to a genuine Manchurian independence." What wonder, remembering Korea! Or Manchuria—Or Shanghai! Or the "21 points!" With love and "sincerity" of the Araki-Saito variety, Dr. Scherer is convinced of Manchukuo's independence! Black is white and white is black, in this book.

Just a few more choice bits. The author records a conversation with the boy-emperor Pu Yi in which they seriously discuss, of all things, tennis and Helen Wills Moody. Getting down to brass tacks, marionette Pu Yi remarked that as a Chinese patriot, he believed and sincerely believes "that the Revolution was a ghastly mistake and a terrible calamity for China." Of course, as a real Chinese patriot, he thinks Manchukuo and the Japanese are wonderful! Referring to Chang Tso-lin and his huge armory at Mukden, Dr. Scherer states: "That hundred-million-dollar death plant is now itself dead . . . . It went dead at the touch of the Japanese Army." While at the same time, Dr. Scherer, the Mitsui's and Mitsubishi's turned out millions and millions of *yen* of munitions.

There is one reference that cannot be lightly dismissed: a quotation from Mme. Sun Yat-sen concerning the terror against communists in China, proof of which, says Dr. Scherer, may be found in "Five Years of Kuomintang Reaction," published in Shanghai, 1932. Scherer neglects to mention that *Mme. Sun's statement and the Shanghai publication are just as much directed against Japanese imperialism and Japanese terror at home and in her colonies, including Manchukuo.* Furthermore, "Five Years" shows that *Japan is in no small way responsible for the terror that exists here and for the disorganization of the Chinese Government*: "Imperialist policy has undergone another transformation. It is now directed towards saddling its yoke directly upon China and with Japan in the vanguard, creating of this vast continent a colonial empire. Japanese swept into Manchuria and annexed it, setting up a farcial puppet state as a prelude to the incorporation of the vast Northeastern provinces into the Japanese Empire. Japan waged brutal war on the Yangtsze Delta bringing her full war machine to bear in the slaughter of thousands of civilians."...(Page 115). Perhaps Scherer felt secure in mentioning this book, which is prohibited both in China and Japan.

A. H. B.

Pan-Pacific Club to Be Organized at Canton

Plans are under way for the organization of a pan-Pacific Club in Canton in connection with the Pan-Pacific Movement in China. Milton C. Lee, Executive Secretary of the Pan-Pacific Association of China, is seeking the assistance of Cantonese officials in bringing the new Club into being. Both Tang Shao-yi, veteran Cantonese statesman, who was actively connected with the Pan-Pacific Movement, being the first President of the Association, and Liu Chi-wen, Mayor of Canton, have agreed to support the scheme.

Inspection of Factories to Be Brought up by China at Geneva Labor Meeting

The question of the inspection of Chinese factories in the International Settlement of Shanghai will most likely be brought up for discussion at the Eighteenth International Labor Conference by the Chinese delegates, according to the Federation of Chinese Industries. The Conference will be held at Geneva on May 11.

Mr. Li, of the Labor Department of the Ministry of Industry, who has been appointed as the Government representative, came to Shanghai a few days ago to consult local Chinese industrialists and labor leaders on the questions to be brought up at the Conference.

In the United States Court for China

In re.
LAST WILL AND TESTAMENT
of
BENJAMIN LUCIUS ANCELL
Deceased

Cause No. 3617
Special Proceedings No. 938
NOTICE
Filed at Shanghai, China, December 28, 1933.
William T. Collins, Clerk.
L. T. Kenake, Asst. Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of BENJAMIN LUCIUS ANCELL, deceased, to present the same with vouchers to the undersigned on or before July 6, 1934, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

CAMERON F. McRAE,
c/o of M. P. Walker,
20 Ming Hong Road,
Shanghai, China.

Shanghai, China,
December 29, 1933.

In the United States Court for China

In re. Estate
of
GERALD KILES,
Deceased

Cause No. 3621
Special Proceedings No. 939
NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of GERALD KILES, deceased, to present the same with vouchers to the undersigned on or before July 20th, 1934, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

W. J. Lamneck,
c/o The Chase Bank,
Shanghai, China.

Shanghai, China, January 15, 1934.

EUGENE CHEN CONFUSES ISSUES IN LAST MANIFESTO FROM FOOCHOW

(*Continued from page 340*)

campaign officially closed. It is also stated that Nanking demands the dissociation of the rebel leaders including Gens. Chen Ming-shu, Tsai Ting-kai, Chiang Kwang-nai and Li Chi-sen from the 19th Route Army and their retirement from politics. The whereabouts of the four leaders are unknown and it is believed that all of them are contemplating to take a trip abroad in order to escape arrest by the National Government. The Southwestern military and political leaders including Hu Han-min, Gens. Chen Chi-tang, Li Tsung-jen and Pei Chung-hsi are offering their offices in the liquidation of the Fukien situation and it is believed that a peaceful settlement will be reached with the reorganization of the 19th Route Army. Gen. Tai Chih, who is a persona grata to both the Central Government and the officers of the 19th Route Army, will most probably be appointed Commander of the Army and a new garrison post will be assigned to it by the Government. According to telegrams from Canton, Gen. Chen Chi-tang has promised to continue its subsidy to the 19th Route Army following its reorganization.

A *Reuter* telegram from Canton Jan. 22 stated that the latest developments in the military situation in Fukien had necessitated a change in Canton's plans regarding the occupation of South Fukien. The telegram stated that the Canton authorities had decided to suspend dispatch of troops across the border to that province, but to retain control of West Fukien. Meanwhile, Gen. Chen Chi-tang has appointed Gen. Chen Wei-yuan, formerly of Fukien provincial forces, to proceed to South Fukien to incorporate the volunteer forces there and to rehabilitate the situation. On the same day, the Southwestern Political Council telegraphed to the Fourth Plenary Session at Nanking and the National Government, urging the suspension of military operations against the 19th Route Army "in order to preserve the strength of the nation." The Southwest leaders expressed apprehension that if "over-oppressed," the 19th Route Army may throw itself into the ranks of the Communists, thus rendering the liquidation of the situation more difficult and also endangering peace of Fukien." Hu Han-ming, former President of the Legislative Yuan, has addressed a similar message to Nanking.

The organization of a new Fukien Provincial Government is proceeding apace and is expected to be completed in a few days. Gen. Chen Y, the new Chairman, arrived in Shanghaif rom Nanking on Jan. 25 en route to Foochow to assume his new post. The appointment of Commissioners and members of the new Provincial Government has also been announced by the Executive Yuan at Nanking. These included Sun Chia-cheh, Commissioner of Finance; Sun Hsi-wen, Commissioner of Reconstruction; Cheng Chen-wen, Commissioner of Education; Kao Teng-ting, chief Secretary, and other members including Lin Chih-yuan, Hsu Fu, Admiral Li Shih-cha, Chen Ti-cheng. Gen. Chen Yi concurrently acts as Commissioner of Civil Affairs, while Hsu Ming-chun has been appointed Superintendant of Customs at Foochow by the Ministry of Finance. All the officials are expected to assume their respective offices during next week. Gen. Ku Chu-tung, former Chairman of Kiangsu and now Commander-in-Chief of the Northern Route Bandit Suppression Forces, was appointed by the Executive Yuan on Jan. 23 as Vice-Minister of War to succeed Gen, Chen Yi. Pending Gen. Ku's assumption of office, Gen. Tsao Hao-seng, incumbent administrative Vice-Minister of War, will concurrently act as Political Vice-Minister.

According to a dispatch from Hongkong Jan. 23, Gen. Tai Chi left Hongkong on said date for Shanghai en route to Nanking to see Gen. Chiang Kai-shek, who has returned to Capital following the successful conclusion of the Government's punitive campaign against the Fukien rebels, and other leaders of the Government to discuss affairs concerning the future status of the 19th Route Army. It is expected after the conference of Gen. Tai with Gen. Chiang, details for the reoragnization of the Army will be finally decided upon.

H.

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Shanghai, Jan. 24, 1934

Demand selling rate on America:	U.S.$100=Sh. $295.75
Demand buying rate on America:	U.S.$100=Sh. $291.97
Demand selling rate on London:	£1 0.0.=Sh. $14.826
Demand rate on buying London:	£1.0.0=Sh. $14.712

67-406

Latest New York Stock Exchange Quotations

Market—Firm — Business Done 2,380,000 Shares

January 24, 1934

1933-34 High	1933-34 Low	Div.$ per Sh.	STOCK	Mon. Jan. 22	Tue. Jan. 23
18¾	3	—	Adams Express	9¾	10⅛
133	11⅛	0.60	Alaska Juneau	28⅜	22⅛
153⅜	70¾	6.00	Allied Chemical & Dye	151½	154¾
102⅛	49½	4.00	American Can	102¼	102⅞
19⅜	5⅞	—	American & Foreign Power	10½	10⅝
44⅞	7¼	—	American & Foreign Power 7% Pfd.	22½	23
58½	23⅝	—	American & Foreign Power Warr.	49½	50
23⅝	3½	—	American Metal Co.	20¾	12¼
53½	10¾	—	American Smelting	45⅞	45¾
134¾	86½	9.00	American Telephone & Telegraph	118½	118⅞
94¾	50¾	5.00	American Tobacco "B"	78½	73⅝
43¼	10⅞	1.00	American Waterworks	22¾	22¾
22⅞	5	—	Anaconda Copper	16⅝	16¾
18⅝	5⅞	—	Atlas Corporation	13	13¼
84¼	31	2.00	Auburn Automobiles	52¼	52¼
37⅜	8¼	—	Baltimore & Ohio	28	28
49¼	10⅛	—	Bethlehem Steel	43¾	45⅝
37⅜	18	1.60	Borden Company	28⅝	24
24⅝	5½	0.25	Borg Warner	24½	25¼
20⅞	7¼	—	Canadian Pacific Railway	16½	16¼
103½	30½	—	Case, J. I.	76¾	78½
47⅞	16⅝	1.40	Chase National Bank	25½	27½
52½	14⅞	2.00	Chesapeake Corp.	39½	40
58	7¾	0.50	Chrysler Corp.	54½	54¼
28½	9	0.50	Columbia Gas & Electric	14¾	14¾
6⅛	1⅜	—	Commonwealth & Southern	2⅞	2⅞
64½	31½	3.00	Consolidated Gas of N. Y.	43¾	43½
19⅝	4⅞	—	Continental Oil	18⅞	19¼
7½	2⅝	—	Coty Inc.	5⅝	6
4⅝	1⅛	—	Curtiss Wright Company	3	3⅜
18¾	10¼	0.75	Douglas Aircraft	18½	20⅛
99⅞	82¼	*2.00	Du Pont de Nemours	98½	101
89⅝	46	3.00	Eastman Kodak	86¼	87
41⅝	10	—	Electric Bond & Share	17¾	18
15⅝	3⅛	—	Electric Power & Light	7	6¾
19	12	—	Fox Film	15	15
10¾	2⅞	—	General Aviation	6½	6⅝
30¼	10½	0.40	General Electric	21⅞	22⅝
39⅞	21	1.80	General Foods	36	36⅛
87½	10	*1.00	General Motors	37	38½
49¼	13¼	1.00	General Railway Signal	41¼	42½
27⅝	12	1.20	Gold Dust	19	19⅞
47½	9¼	—	Goodyear Tire & Rubber	37¼	38⅝
40	6⅜	—	International Cement	34	34¼
46	18⅝	0.60	International Harvester	42⅞	43½
22⅜	6¾	—	International Nickel	22⅝	22¾
21¾	5⅛	—	International Telephone & Telegraph	15¾	15⅞
67¾	20⅛	4.50	Int. Tel. & Tel. conv. 4½ of 1939	65⅛	68½
63⅜	12¼	—	Johns Manville	63	63⅜
26	7⅜	—	Kennecott	22½	22
79⅜	37½	2.40	Lehman Corporating	73	73
99⅜	40½	*4.00	Liggett & Myers, "B"	84½	85
36⅛	8½	1.00	Loew's: Inc.	28⅞	29
25¼	10⅜	1.20	Lorillard P Co. (Com.)	17½	17¾
48⅜	18	1.00	McIntyre Porcupine	40¼	40
28⅜	8¾	—	Montgomery Ward	26¼	27⅜
64½	16⅞	1.00	National City Bank (bid price)	26½	27½
41⅜	5⅝	—	National Distillers	26¼	26¾
58½	14	—	New York Central	37⅜	38
36½	12¾	8%S	North American Company	19¼	19⅜
96¾	31½	2.00	Owens Illinois Glass	84	84⅞
31⅞	15	1.50	Pacific Gas & Electric	19¼	18⅞
6⅞	1¾	—	Packard Motors	4⅞	4½
42¼	18¾	0.50	Pennsylvania Railroad	35⅝	36
6⅜	1½	—	Penn road Corporation	3½	3
18¾	4¾	—	Phillips Petroleum	17	17
12¼	3	—	Radio Corporation	8	8¼
5¾	1	—	Radio-Keith Orpheum	3	3
54¼	26½	3.00	Reynolds Tobacco "B"	41⅞	41⅝
47	12¼	—	Sears Roebuck	45¾	46⅞
11⅝	4	—	Shell Union	9½	9⅝
17	6	0.25	Socony-Vacuum Corp	17⅛	17⅜
28	14¼	2.00	Southern California Edison	20	19¾
22½	5⅛	—	Standard Gas & Electric	9½	9⅝
77	35	6.00	Standing Gas & Elec. 6%	59	58
47	22¾	1.00	Standard Oil Co., of N. Jersey	46⅞	47¼
60¾	46	—	Sterling Products	55½	57
8¾	1½	—	Studebaker	6½	6½
30¼	10¾	1.00	Texas Corporation	27⅛	27⅜
9¾	2⅝	0.12	Transamerica	7⅛	7¼
51⅞	19¾	1.00	Union Carbide & Carbon	49¼	49¾
132	61¼	6.00	Union Pacific	12 ¼	128¾
46⅞	16½	—	United Aircraft & Trans.	33¼	35
14½	4⅛	—	United Corporation	6⅞	6⅞
25	14	1.20	United Gas Improvement	17½	17⅜
25	2⅞	—	U. S Rubber	18¼	18½
67½	23⅜	—	U. S Steel	55¼	56⅜
51½	21½	*2.00	Universal Leaf Tobacco	42⅛	42⅞
36¼	7⅝	—	Vanadium	25⅜	26⅝
9⅛	1	—	Warner Bros. Pictures	7⅛	7
58¾	19⅝	—	Westinghouse E. & M.	42¼	43¾
50⅞	25½	2.40	Woolworth	48	4

*Plus extras — CALL MONEY 1% 1%

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